# DELHI AGREEMENT

**Dated 14th December, 1948**

AND

# Minutes of the Inter-Dominion Conference

**Karachi 10—13 January, 1949**

Ferozsons, McLeod Road, Karachi.

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# CONTENTS

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# AGREEMENT

Whereas the Governments of the two Dominions agree that mass exodus of minorities is not in the interest of either Dominion and they are determined to take every possible step to discourage such exodus and to create such conditions as would check mass exodus in either direction and would encourage and facilitate, as far as possible, return of evacuees to their ancestral homes, the two Dominions agree as follows :—

## SECTION I.

1. The responsibility for protecting the lives and property of the minority communities and for ensuring that they receive justice and that their civic rights are fully safeguarded rests on the Government of the Dominion in which the minorities reside. The allegiance and loyalty of the minorities is to the State of which they are citizens and it is therefore their right and duty to have their grievances redressed by the Government of their own State. Leaders in each Dominion should make public declarations to this effect at every suitable opportunity as part of the implementation of the provisions of the Agreement.

2. (i) In Pakistan and in India every citizen shall have equal rights, opportunities, privileges and obligations ; and there shall be no discrimination against the minorities whose cultural and religious rights shall be fully safeguarded.

**N. B.**—"Cultural" rights include "educational" rights.

(ii) Where direct recruitment is made otherwise than by open competition, minorities shall be given fair representation in the services.

3. Any propaganda for the amalgamation of Pakistan and India or of portions thereof including East Bengal on the one hand and West Bengal or Assam or Cooch Behar or Tripura on the other, shall be discouraged.

**N. B.**—The word "propaganda" shall be taken as including any organisation which might be set up for the purpose.

4. (i) Both Governments recognise that the wholehearted co-operation of the Press is essential for creating a better atmosphere and therefore agree that every effort should be made, in consultation with the representatives of the Press wherever possible, to ensure that the Press in each Dominion does not—

(a) Indulge in propaganda against the other Dominion,

(b) Publish exaggerated versions of the news of a character likely to inflame, or cause fear or alarm to, the population or a section of the population in either Dominion,

(c) Publish material likely to be construed as advocating a declaration of war by one Dominion against the other Dominion or suggesting the inevitability of war between the two Dominions.

(ii) An Inter-Dominion Information Consultative Committee should be set up to meet once in two months, or more frequently if necessary, alternately in Delhi and Karachi and keep under review the activities of—

(a) the press,

(b) books, pamphlets and publications,

(c) broadcasting, and

(d) films.

This Committee shall have an equal number of representatives from either Dominion consisting of one Minister from each Dominion, and not more than two Government officers and two representatives of the press of each Dominion. The subjects listed under (b), (c) and (d) shall be dealt with only by the official members of the Committee.

(iii) Both Governments shall ensure that their respective organisations handling publicity, including publicity through the radio and the film refrain from and control—

(a) propaganda against the other Dominion, and

(b) publication of exaggerated versions of news of a character likely to inflame, or cause fear or alarm to, the population, or any section of the population in either Dominion.

5. Complaints from minorities in both the Dominions, that action is not taken on their reports against opprossien or unfair treatment, should be promptly and fairly looked into and early remedial measures taken.

6. Both in East Bengal and West Bengal there shall be set up before the 15th of February, 1949, a Provincial Minorities Board and, under the Provincial Board, District Minorities Boards for the express object of protecting the interests of the minorities, removing fear from their minds and inspiring confidence in them. These Boards shall ensure that the grievances of the minorities are promptly brought to the notice of the authorities and that they are satisfactorily and promptly dealt with.

It is suggested that the Provincial Minorities Board and the District Minorities Boards should each be composed of five members, three of whom at least should belong to the major minority community to be selected by the members of the Provincial Legislature belonging to the minority communities. The remaining two shall be persons of influence and shall be nominated by the Provincial Government. The District Magistrate shall be the Chairman of the District Minorities Board and the Minister to be nominated by the Provincial Government shall be the Chairman of the Provincial Board.

7. The two Dominions and their Provincial Governments shall declare and make it widely known to their officers and other employees that any Government servant proved to have been guilty either of dereliction of duty in protecting the lives and properties of the members of the minority community or of directly or indirectly ill-treating the members of the minority community or showing prejudice against the minority community in the discharge of his duties, shall receive exemplary and deterrent punishment and such punishment; shall be given full publicity in each Dominion.

8. Severe action shall be taken against any person or group of persons creating or attempting to create any apprehension or fear or insecurity or alarm in the minds of the minority communities.

9. (i) The two Dominions shall take adequate steps—

(a) to remove complaints regarding discrimination in the grant of export and import licences and railway priorities to members of the minority community as such ;

(b) to curb all tendencies towards an economic boycott of minorities or strangulation of their normal economic life.

(ii) The two Dominion Governments shall request their respective Provincial Governments to observe the same principles in their own sphere.

10. (i) The Governments of East Bengal and West Bengal will promote legislation providing for the setting up of Evacuee Property Management Boards in districts or areas from where a substantial exodus has taken place. These Boards will assume management of properties only on the definite request of their owners. Their functions will be of a managerial character and they will not have the power to alienate the property entrusted to them for management. These Boards shall be composed of members of the minority community.

N.B.—"Evacuee" shall be defined as a person who has left the Province in question on or after 1st June, 1947, and who declares his intention to return as soon as normal conditions are restored to the satisfaction of the two Government.

(2) The two Chief Secretaries of East and West Bengal should meet at an early date to finalize the proposals for necessary legislation. The Government of East and West Bengal will legislate by the 31st January 1949 for setting up of an Evacuee Property Management Board in every district or area of their respective provinces referred to in Sub-Clause (1). These Boards should be set up as soon thereafteras possible.

## SECTION II.

1. In order to ensure the smooth working of this Agreement in so far as they are concerned, the Chief Secretaries of the two Provinces, *viz.*, East Bengal and West Bengal, shall at least meet once a fortnight. Whenever matters concerning Assam, Cooch Behar and Tripura are likely to be discussed, the Chief Secretary, West Bengal shall arrange for their representatives to be present.

The Premiers of the two Provinces of East Bengal and West Bengal or their nominees, shall meet not less than once in two months for the same purpose.

2. (i) Each Dominion should set up an organisation at the Centre to watch the implementing of the Agreements reached and to bring up cases of breaches. It will be the responsibility of each Dominion to ensure that its Provincial Governments and acceding States carry out these agreements in so far as they are concerned. If a province or a State for any reason considers that an agreement or any part of it should not be implemented, it should report the matter to its Dominion Government who should bring up the matter at the monthly Inter-Dominion meetings referred to in (ii) below.

(ii) All such cases of breaches or non-implementation or possible modifications arising out of the experience of the arrangements made should be discussed at monthly meetings to be held at the Dominion Minister level alternately at Delhi and Karachi.

(iii) Each dominion should nominate a Minister who for the next few months would be responsible for this work and who will attend those meetings.

(iv) All outstanding matters and such new matters as may arise from day to day relating to East Punjab, East Punjab States, including Alwar and Bharatpur, on the one side, and West Pakistan including acceding States on the other, will also be brought up for discussion and settlement at these meetings.

3. The question of migration of Muslims from East Bengal to Assam and the migration of Muslims who have been in Assam prior to Partition into East Bengal shall also be dealt with at the inter-Dominion meetings at the Minister level provided in paragraph 2 (ii) above.

4. It is agreed that if any criminal proceedings have been started in any of the two provinces of East and West Bengal, by the Government of the Province against Government servants of the other Province in respect of matters arising in course of execution of their duties, such proceedings should be withdrawn and the Government servants concerned, if taken into custody, should be released simultaneously in the two Provinces on a date not later than the 1st January 1949.

5. In regard to migration to East Bengal from India and to West Bengal from Pakistan, the Government of each of the two Dominions and the Government of the two Provinces of East Bengal ane West Bengal should by implementing this Agreement and otherwise create as early as possible conditions which would remove fear from and infuse confidence into the minds of those citizens who have migrated to the other Dominion and should instruct the Deputy High Commissioner (located in East or West Bengal according as the migration has been from India to Pakistan or from Pakistan to India) to make it known amongst evacuees there and to render to them all possible assistance so as to enable them to return to their original homes, lands and occupations. The Government of the

Province to which migration has taken place should give all facilities and assistance to the Deputy High Commissioner and to the evacuees.

## SECTION III

1. On receipt from Pakistan of relevant data relating to exodus on a large scale from areas in India other than West Bengal, Assam, Cooch Behar, Tripura, East Punjab, East Punjab States, Bharatpur and Alwar, another Inter-Dominion Conference should be called to consider action on the lines similar to those proposed above or on any other suitable lines in respect of—

(a) protection and other safeguards for the property of refugees who have gone out from one Dominion to the other temporarily or otherwise ; and

(b) creation of conditions in any affected area which will reassure the minorities that their interests and rights are fully safeguarded and will prevent exodus or will induce evacuees to return to their homes.

N.B.—The above sections of the Agreement were drawn up in accordance with the recommendations of the Political Committee a note on which is at Appendix I.

## SECTION IV

### ECONOMIC COMMITTEE

The Conference considered the report of the Economic Committee which reviewed the agreements and made rcommendations on certain other related matters. The Conference made certain modifications and these have been incorporated in the report which is at Appendices IV A, B and C.

The Committee was not able to reach any decision on the question of rebates of excise duties levied by India on exports to Pakistan. The Conference considered the points of view of the two Governments and agreed to defer the matter for further consideration.

It had been agreed by India to make available 750,000 lbs. of tobacco to Pakistan under the Karachi Agreement. It was represented by Pakistan that it would not be possible for it to lift this quantity as India wished to impose maximum duty. It was suggested that an *ad hoc* arrangement might be reached on this point and sufficient reduction may be allowed to enable Pakistan to import this quantity of tobacco. The Government of India agreed to consider this suggestion.

## SECTION V

### BOUNDARY DISPUTES AND BORDER INCIDENTS

The report of the Committee for Boundary Disputes and Border Incidents between East Bengal and West Bengal, between East Bengal

and Assam, and between East Punjab and West Punjab was considered by the Conference and approved with certain amendments which have been incorporated in the report at Appendix V.

## SECTION VI

### EVACUEE PROPERTY

1. The recommendations of the Evacuee Property Committee and of the Steering Committee (Appendix VI) were discussed at the Conference, and it was agreed at the request of the Pakistan representatives who wished to have an opportunity for further consultation with their Government that the following points should be further discussed at an Inter-Dominion Conference at Minister Level commencing on the 10th January 1949:—

(1) Extended areas as agreed to in para. 2 of the minutes of the Conference of July 22nd.

(2) Further extension of areas as proposed in para. 4 of the minutes of the Conference of July 22nd.

(3) Whether Pakistan agree that the settlement of agricultural property should be on a governmental level or consider that it should be as between individual evacuees (see para. 5 of the minutes of the Conference of July 22nd and part II of the draft agreement of March 22-25).

(4) Setting up of a Joint Urban Assessment Board (*vide* para. 9 of the minutes of Inter-Dominion Conference of July 22nd and para. 4 (2) of part III of the draft agreement of March 22-25).

(5) Whether Pakistan are prepared to agree to India's proposal that:—

The settlement should be by unrestricted exchanges between individual evacuees in respect of all urban immovable property (*vide* last two sentence of para. 9 of minutes of Conference of July 22nd).

2. It was agreed further by the Conference that the following items will be included in the agenda of the next Inter-Dominion Conference to be held at Karachi on the 10th of January 1949:—

(i) Consideration of trust property *vide* para. 14 of the Conference of July 22nd.

(ii) Jagirs and Muafis *vide* page 11 para. D of record of discussion in Evacuee Property Committee of the Inter-Dominion Conference held on 6th-9th December.

3. The Conference decided that para. 16 of the report of the Evacuee Property Committee should for purposes of convenience of referenc be added as an Annexure to the draft scheme of the Secretariat level conference of March 22-25 and to the minutes of the Inter-Dominion Conference of July 22nd.

4. Subject to the above, the Conference accepted the Committee's Report.

## SECTION VII.

### PROVINCIAL PARTITION MATTERS.

### (ASSAM, BENGAL & PUNJAB)

The Conference considered the report of the Committee on Provincial Partition matters (Appendix VII) and while approving its conclusions directed that the Provinces concerned should do everything possible to expedite the final settlement.

## SECTION VIII

### STORES

The Conference considered the report of the Stores Committee (Appendix VIII) and accepted it.

## SECTION IX

### INSURANCE

The Conference accepted, after consideration, the report of the Insurance Committee (Appendix IX).

## SECTION X

### MUSEUMS

The Conference considered the views of the members of the Museum Committee and directed that the two Dominions should proceed to implement points on which agreement was reached, leaving over points of disagreement for consideration at a subsequent meeting.

# APPENDIX I

## INTER-DOMINION CONFERENCE AT NEW DELHI

(December 6 to December 14, 1948.)

*Report of the Political Committee Appointed by the Inter-Dominion Conference*

*Terms of reference*: To review the progress so far made in implementing the political clauses of the Calcutta Agreement and in particular to examine the complaints made by each Dominion in respect of:—

(1) the press in the other Dominion;

(2) treatment of minorities;

(3) the exodus of minorities from one Dominion to the other; and

(a) to suggest measure to ensure the implementation of the Calcutta Agreement and to recommend such other steps as may be necessary to ensure that such complaints do not arise in future; and

(b) to examine all causes (including economic causes, though these need be considered only in a general way in the Committee) which have the effect of worsening Inter-Dominion relations, or of causing the exodus of minorities on a considerable scale, and to make recommendations calculated to stem the exodus of minority communities, to encourage their return and generally to improve Inter-Dominion relations.

2. The Committee met on the 8th, 9th, 10th and 11th December, 1948. It reviewed the clauses in Sections I, II and III of the Inter-Dominion Agreement reached in Calcutta in April last. It modified some of the clauses and made certain additions.

3. The Committee cousidered the statement entitled "Draft Charter of Minority Rights (revised)", which was placed before it by the Leader of the Pakistan Delegation. On the question of preservation of the personal law of minorities, the Committee recorded the following statement:—

"The Committee recognises that while each Dominion has the inherent right to legislate with regard to all its citizens, there is no intention on either side to interfere with the existing personal law of the Minorities except in matters of vital national interest."

4. In regard to the other paragraphs of the "Draft Charter", the Leader of the Indian Delegation explained that the provisions in some of the paragraphs have already been accepted by the Indian Constituent Assembly or in the Calcutta Agreement and the provisions in the other paragraphs are covered by clauses of the Draft Constitution which have not yet been considered by the Indian Constituent Assembly.

The Pakistan representatives said that on their part while the principles of the "Draft Charter" are generally acceptable to them, they could not bind the Constituent Assembly of Pakistan.

# APPENDIX II

## INTER-DOMINION CONFERENCE

### Held at Calcutta

(15-4-48 to 18-4-48)

Whereas the Governments of the two Dominions agree that mass exodus of minorities is not in the interest of either Dominion and they are determined to take every possible step to discourage such exodus and to create such conditions as would check mass exodus in either direction and would encourage and facilitate, as far as possible, return of evacuees to their ancestral homes, the two Dominions agree as follows:—

## SECTION I

1. The responsibility for protecting the lives and property of the minority communities and for ensuring that they receive justice and that their civic rights are fully safeguarded rests on the Government of the Dominion in which the minorities reside.

2. In Pakistan and in India every citizen shall have equal rights, opportunities, privileges and obligations; and there shall be no discrimination against the minorities whose cultural and religious rights shall be fully safeguarded.

N. B.—" Cultural " rights include " educational " rights.

3. Any propaganda for the amalgamation of Pakistan and India or of portions thereof including East Bengal on the one hand and West Bengal or Assam or Cooch Behar or Tripura on the other, shall be discouraged.

N. B.—The word propaganda shall be taken a n cluding any organisation which might be set up for the purpose.

4. Both Governments recognise that the whole hearted co-operation of the Press is essential for creating a better atmosphere and therefore agree that every effort should be made, in consultation with the representatives of the Press, wherever possible, to ensure that the Press in each Dominion does not—

(a) indulge in propaganda against the other Dominion,

(b) publish exaggerated versions of the news of a character likely to inflame, or cause fear or alarm to, the population or a section of the population in either Dominion,

(c) publish material likely to be construed as advocating a declaration of war by one Dominion against the other Dominion or suggesting the inevitability of war between the two Dominions.

5. Complaints from minorities in both the Dominions that action is not taken on their reports against oppression or unfair treatment, should be promptly and fairly looked into and early remedial measures taken.

6. Both in East Bengal and in West Bengal there shall be set up a Provincial Minorities Board and under the Provincial Board District Minorities Boards for the express object of protecting the interests of the minorities, removing fear from their minds and inspiring confidence in them. These Boards shall ensure that the grievances of the minorities are promptly brought to the notice of the authorities and that they are satisfactorily and promptly dealt with.

It is suggested that the Provincial Minorities Board should be composed of five members, three of whom at least should belong to the major minority community to be selected by the members of the Provincial Legislature belonging to the minority communities. The remaining two shall be persons of influence and shall be nominated by the Provincial Government. The District Magistrate shall be the Chairman of the District Minorities Board and a Minister to be nominated by the Provincial Government shall be the Chairman of the Provincial Board.

7. The two Dominions and their Provincial Governments shall declare and make it widely known to their officers and other employees that any Government servant proved to have been guilty either of dereliction of duty in protecting the lives and properties of the members of the minority community or of directly or indirectly ill-treating the members of the minority community or showing prejudice against the minority community in the discharge of his duties, shall receive exemplary and deterrent punishment.

8. Severe action shall be taken against any persons or group of persons creating or attempting to create any apprehension or fear or insecurity or alarm in the minds of the minority communities.

9. (i) The two Dominions shall take adequate steps to remove complaints regarding—

(a) Discrimination in the grant of export and import licences and railway priorities to members of the minority community as such;

(b) To curb all tendencies towards an economic boycott of minorities or strangulation of their normal economic life.

(ii) The two Dominion Governments shall request their respective Provincial Governments to observe the same principles in their own sphere.

10. The Governments of East Bengal and West Bengal will promote legislation providing for the setting up of Evacuee Property Management Board in districts or areas from where a substantial exodus has taken place. These Boards will be set up only when it is established that there is a demand for their establishment. These Boards will assume management of properties only on the definite request of their owners. Their functions will be of a managerial character and they will not have the power to alienate the property entrusted to them for management. These Boards shall be composed of members of the Minority Community.

N.B.—For this purpose "Evacuee" shall be defined as a persons who has left the Province in question on or after 1. 6. 1947 and who declares his intention to return as soon as normal conditions are restored.

A committee of officers will be appointed immediately by the two Governments to draw up detailed proposals for the necessary legislation.

## SECTION II

To ensure the implementation of this Agreement, the representatives of the two Dominions shall meet at least once in two months so as to bring to the notice of each other any instances of the non-observance of the above principles in either Dominion. In the case of East Bengal and West Bengal, where the situation requires more urgent measures, the Premiers of the two Provinces shall meet once every month for the same purpose; and in addition, to begin with, the Chief Secretaries of the two Provinces shall meet once a fortnight. Whenever matter concerning Assam, Cooch Behar and Tripura are likely to be discussed, the Chief Secretary, West Bengal, shall arrange for their representatives to be present.

## SECTION III

1. This Conference recommends that another Inter-Dominion Conference should be called at a very early date to which representatives of other Provinces and States (except East and West Punjab and N.-W.F.P.) from which exodus has taken place on a large scale, or is likely to take place, should be invited to consider action on lines simi ar to those proposed above or on any other suitable lines in respect of:

   (a) Protection and other safeguards for the property of refugees who have gone out from one Dominion to the other temporarily or otherwise, and

   (b) Creation of conditions in any affected area which will re-assure the minorities that their interests and rights are fully safeguarded and will prevent exodus or will induce evacuees to return to their homes.

2. It is further understood that a separate conference as already agreed to is to be held to consider the special problems relating to East and West Punjab and N.-W.F.P. It is recommended that this Conference should also be held at a very early date.

3. It is further recommended that a separate Inter-Dominion Conference should be called at an early date, at which representatives of East Bengal and Assam are present, to discuss the question of migration of Muslims from East Bengal to Assam and the migration of Muslims who have been in Assam prior to partition into East Bengal, Pending this Conference, both sides agree not to take any action to force or precipitate migration from one Province to the other on a mass scale. While both the Dominion Governments agree to this arrangement, Mr. Bardoloi wished to place the matter before his Cabinet.

## SECTION IV

The report of the Expert Committee appointed by the Inter-Dominion Conference to consider certain economic issues was discussed and the two Dominions agreed to give immediate effect to the recommendations made therein subject to the modifications described in the Addendum appended thereto. The report of the Committee is annexed.

Sd. (K. C. NEOGY) Sd. (GHULAM MOHAMMED)
Calcutta, 19th April 1948. Calcutta, 19th April 1948.

## ADDENDUM

Page 4 In sub-paragraph (I) (g) please introduce the words " Selected by agreement " between the words " *en route* " and "in the other Dominion", in the first sentence.

Page 5 After sub-item (3) introduce sub-item (4) " Miscellaneous points " as heading.

Page 7 It was agreed that in paragraph 4 of item (2) of the agenda, page 7 of the Experts' Committee's Report, the words " fish (dried and fresh)" appearing in lines 4 and 5 be deleted. That the India Government agrees to discuss the supply of mustard oil to East Bengal to be decided at a meeting to be arranged within the next 3 weeks. Until then the Pakistan Government shall continue to allow the free movement of fish without any duty.

Page 8 Sub-item (2). Introduce the words " and yarns " between the words " cotton textiles " and " which " in the fourth line.

Page 9 Sub-para. (a). In the last sentence for the words " Government of India " substitute the words " the two Governments."

Page 12 Annexure.

Against the item " Copper Wire ". In the last column add the words " of supply " between the words " feasibility " and " will " in the last sentence.

Against item " Cotton Cloth and Yarn " in the last column add the words " Immediate requirements " before the word " covered ". Against the item " Jute Manufacture " add the following note in the last column—

> " The Pakistan Delegation pointed out that the quantity mentioned is propably an under-estimate and might require an upward revision ".

Against item " Edible Oil " in the first column, add the words " excluding mustard oil ". The last column should be revised as follows:—

> " Immediate requirements of 9,000 tons for the first quarter should be met. The total figure of annual requirements would however be subject to further examination ".

Against the item " Railway Stores " add to the first column " including rails and locomotives ".
Against the item " Steel and pig iron and scrap " add the word " excluding rails ".

Sd. GHULAM MOHAMMED 19. 4. 1948.

Sd. K. C. NEOGY 19. 4. 1948.

# SECRET

## MINUTES OF THE OFFICERS COMMITTEE APPOINTED TO THE INTER-DOMINION CONFERENCE

PRESENT

| INDIA. | PAKISTAN. |
|---|---|
| Mr. V. Narahari Rao—Chairman. | Mr. G. Farouque—Leader. |
| Mr. H. M. Patel. | Mr. Nasir Ahmad. |
| Mr. Vishnu Sahay. | Mr. S. A. Hasnaie. |
| Mr. C. C. Desai. | Mr. Shearer. |
| Mr. L. K. Jha. | Mr. N. M. Khan and also Advisers. |
| Mr. A. B. Chatterji. | |
| Mr. S. K. Chatterji. | |
| Mr. S. K. Dutt. | |
| Mr. Himmat Singh K. Maheshwari. | |
| Mr. B. Das Gupta and also Advisers. | |

Mr. Farouque proposed and Mr. Hasnie seconded that Mr. Narahari Rao should take the chair during the proceedings of the Committee. This was unanimously agreed to.

2. The Committee unanimously agreed that such practical recommendations and proposals as they were to put forward with a view to removing the economic hardships and grievances resulting fromt he termination of the standstill agreements and the imposition of customs barriers must be as smooth and simple as possible, while ensuring at the same time the genuine and legitimate interests of both the Dominions. One of the principal factors to be kept in the background of these recommendations was that the additional irritants which gave an impetus to the exodus of minorities should be removed.

3. The items of the agenda specifically referred to this Committee were Nos. (1), (2) and (5) of the main agenda which are stated below:—

(1) To discuss situation caused by termination of Standstill Agreement between India and Pakistan and imposition of restriction on movement of goods and to find ways and means of facilitating movement under existing conditions.

(2) Pending a final Trade Agreement between India and Pakistan, to arrive at some arrangement regarding the supply by each Dominion of essential requirements of the other.

(5) Implementation at all levels of Interim Agreement confirmed in PAKREV telegram No. 169/CUS/47 of March 13th and Indian Ministry of Finance telegram No. 204 (6)/CUS-1/48 of March 31st regarding free transit from one another through Pakistan territory and *vice versa*.

A few other items were also added later on and have been dealt with. In regard to item (1) of the agenda, the Committee recommends as follows:—

(1) Both Dominions must strive to reduce to the minimum the restrictions which hamper the free movement of passengers between the two Dominions and for this purpose, the following measures are recommended:—

(*a*) The Customs Authorities of the two Dominions should together work out a common set of simple baggage rules applicable on both sides to passengers travelling from one Dominion to the other.

(*b*) The applications of the baggage rules should be made with due consideration so as to avoid irksome restrictions and unnecessary harrassment of passengers.

(*c*) Passenger's baggage should be checked only by duly authorised Customs staff and no one else.

(*d*) Personal searches should as a rule be avoided, and only carried out in cases where there is genuine suspicion of smuggling. In such cases, the search should only be conducted under the personal orders of the senior-most Customs Official present and a record of all searches made should be maintained. Liaison Officers should be allowed facilities to ensure a fair application of the rules.

(*e*) The personal search of women passengers, if at all made, should be carried out only by Women Officers, as provided for by the Sea Customs Act.

(*f*) Both Dominions should re-examine their Tariff Schedule and their Import and Export Control Notifications to see what relaxations are possible with a view to minimise or render unnecessary any Customs formalities in regard to the personal effects of passengers.

(*g*) Passengers should be shown every consideration and as far as possible suitable arrangements should be made to facilitate the easy movement of through-passengers without needless examination and harrassment.

(*h*) No person other than an authorised Government servant *e. g.* a Police Officer duly authorised may hold up any person crossing the frontier on the ground that he is carrying or suspected to be carrying contraband goods or is smuggling. Such a person should be taken or directed to the nearest Customs Post by such officer for examination and no examination of his luggage or person should be made by any one who does not belong to the Customs Staff. All such authorised officers should wear distinctive badges.

(*i*) All authorised Customs Officers should carry suitable badges or other means of identification.

(*j*) Once a passenger has passed the Customs frontier, no further search or examination of his luggage or person should be made.

(2) In order to facilitate the movement of goods and commodities in general the Committee makes the following recommendations:—

(*a*) As far as possible, the two Dominions should set up parallel Customs Posts as near to each other as possible so that for each Customs Post in one Dominion there is an opposite number.

(*b*) Having regard to economic considerations, both Dominions should try to reduce the number of commodities which when moving from one Dominion to the other, shall be subject to an import or export duty. In fact only specified articles should be liable to duty and the rest should be free. This would obviate the absurd difficulties which have arisen in regard to perishables such as fish, fresh fruit, etc.

(*c*) A simimlar examination of the Export Trade Control Notification should be made by both Dominions. There is no import control between the two Dominions at the moment.

(*d*) The Pakistan representatives claimed that if the Havana Charter is ratified, each Dominion will become entitled to "most favoured nations" treatment in respect of rebates of excise duties and urged that in the interests of Inter-Dominion trade such treatment should be authorised by both Dominions without further delay. The Indian representatives stated that the present practice is not, in fact, uniform and that this is due to certain practical difficulties and other circumstances. The Pakistan representatives expressed their willingness to co-operate in removing any practical difficulties and requested that a final decision on the claim already put forward officially should be reached within a month in order to enable them to settle their import policy. India promised to reach a decision at an early date.

(*e*) Where any cultivator living in a border village of one Dominion has land in a border village in the other Dominion he should be permitted, within a reasonable period after the harvest, to take across the border to his residence reasonable quantities of any controlled commodities produced by him for his domestic consumption with the minimum of restriction and formalities.

The Committee adopted the following recommendations in regard to item (5) of the agenda for the approval of the two Governments:—

## (1) TRANSIT.

(*a*) Each Dominion should take effective measures for the smooth implementation of transit facilities to the other Dominion in accordance with the provisions of International Agreements governing such transit.

(*b*) The foreign exchange earning or liability for any transit cargo moving in bond shall belong to the Dominion of origin or destination as the case may be and not to the Dominion of transit.

(*c*) Transit cargo should in general be given the same transport priority as is accorded to similar cargo moving internally.

(*d*) The Customs experts of the two Dominions should get together to evolve a procedure for transit which should be as simple as possible and take into account the peculiar difficulties arising on account of geographical and transport considerations, *e. g.* the need of transhipment and the location of transport heads at points different from the Inter-Dominion boundary. The procedure already introduced by the two Dominions should be reviewed.

(*e*) The production of a certificate from a Customs Officer of the Dominion from which the goods are being sent should ordinarily be taken as conclusive evidence of the origin of such commodities at the point of entry for transit and transit facilities shall not be denied on the ground that there is any suspicion that the goods might have originally come from the other Dominion.

(*f*) In order to ensure the smooth working of the transit arrangements the officers of each Dominion should receive suitable instructions to co-operate with the officers of the other Dominion to avoid disputes and difficulties.

(*g*) Each Dominion should post Liaison Officers at important Customs outposts and important points *en route* selected by agreement in the other Dominion so as to facilitate the removal of any difficulties that might crop up. These liaison officers should be persons specially selected for their capacity to smoothen difficulties. These liaison officers will also have other functions in connection with the removal of difficulties of travellers and movements of goods and baggage.

(*h*) Where road or river transport is involved by itself or in combination with any other form of transport, arrangements should be made for transit facilities by establishing suitable outagencies.

## (2) TRANSPORT.

(*a*) To ensure that transport bottlenecks and congestion are avoided mutual contacts are necessary at operational levels between the railways of the two Dominions. Operational Committees consisting of representatives of the three railways in the Eastern Region and the two railways in the Western Region should be set up to deal with difficulties relating to rail transport including in particular—

(*i*) delay in the turn round of wagons,

(*ii*) discriminatory treatment in the allotment of wagons or charging of freight,

(*iii*) matters affecting priorities.

(*b*) It is further recommended that a Railway Operational Committee be established on an Inter-Dominion basis which could settle broad principles of Inter-Dominion rail transport.

### (3) FACILITIES FOR REPAIRS.

The movement of machinery, etc., sent from one Dominion to the other for repairs and return should be dealt with under the arrangements normally provided for under the import and re-export rules. To cover, however, past bases of machinery sent before the establishment of a Customs frontier reasonable latitude shall be given for a matter of three months in the application of the rules.

### (4) MISCELLANEOUS POINTS.

(*a*) In order to ensure the avoidance of undue hardship resulting from the switch-over from the standstill to the new situation, the two Dominions will consider sympathetically applications for the issue of export licences for goods which were imported from overseas specially to meet orders placed by customers in the other Dominion. This is only for a short period of transition and will apply generally to shipments made and paid for before 31-12-1947. Commodities specially ordered by dealers in one Dominion through the Ports of the other Dominion should be covered by the Standstill Agreement or the transit arrangements as the case may be and should not be denied to the persons who have ordered, paid or will pay for the goods.

(*b*) In view of the recent conclusions at Havana to extend transit procedure to vehicles assembled in bond in the country of transit, India will extend transit facilities for motor vehicles specially assembled in bond in India for Pakistan subject to the foreign exchange being the liability of Pakistan. In this connection Pakistan requested that until transit arrangements become effective, a number of assembled cars considered fair by India should be allowed for re-export to Pakistan. This was accepted subject to the liability for foreign exchange being examined further.

**Item 2 of the Agenda.**

It was recognised that regular terms of Trade Agreement could not be negotiated in Calcutta by this Committee. What this Committee was to take note of was the economic background and the pre-partition relationship between what are now two different Dominions and pending the shaping of long-term policies and adjustments, to arrive at some arrangement regarding the supply by each Dominion of the essential requirements of the other. The aggravation of the situation caused by the termination of the Standstill Agreement and the introduction of Customs Barriers was also to be taken note of. This had created, especially in the Eastern Zone grevious hardships in the day to day life of the common man. Parts of one Dominion are dependant on the border areas of the other Dominion for daily necessities such as, fish, fresh fruit, milk, milk products and vegetables and firewood.

The Committee agreed also that matters connected with the formulation of the terms of a possible Customs Union were outside their

function and that they would have to be examined by the officers of both the Dominions on a later occasion.

At this stage of the discussions, India suggested that one way of overcoming the various difficulties would perhaps be to revive the Standstill Agreement for 3 to 6 months at the outside. This interval could then be utilised for arriving at an agreement relating to Customs Union and Trade to suit the special requirements of the two Dominions. While recognising that such a procedure might have certain advantages, Pakistan representatives felt that it would not be possible to revive the Standstill Agreement.

After considering the views put forward by the representatives of the several Governments, the Committee recommended that the restrictions whether imposed by a Central or Provincial Government on the movement between the two Dominions of commodities such as fresh fruit vegetables, fresh milk and its products, poultry and eggs, local spices, bamboo and firewood, and any customs duties thereon must be removed. That the India Government agrees to discuss the supply of Mustard Oil to East Bengal to be decided at a meeting to be arranged within 3 weeks. Until then the Pakistan Government shall continue to allow the free movement of fish without any duty.

The Committee considered that itwould be in the interests of both the Dominions if an agreement or agreements could be reached in the near future for the mutual supply of commodities essential for each others economy. Such agreements and their implementation would promote the continuance of the close economic relationships which have existed in the past between the areas now included in the two Dominions. The time for the commencemnet of discussions on this and other connected matters should be settled between the two Governments at an early date. Meanwhile a list of commodities, the supply of which to Pakistan is considered essential by Pakistan, was considered. In view of short notice and inadequate information available at Calcutta the Pakistan representatives agreed to accept provisional replies covering at least their immediate requirements if final answers could not be given across the table. The list of commodities and the estimated annual requirements and the agreed conclusions of the Committee are shown in the Annexure to this report.

As regards the commodities the supply of which India would require from Pakistan, India's representatives stated that as detailed discussions were not anticipated, they could not put forward their full requirements under all headings. Discussions will have to take place subsequently. Meanwhile the following agreed conclusions were reached:—

(1) Pakistan should supply India's requirements of rock salt and gypsum.

(2) Pakistan should give priority to the requirements of cotton for India Textile Industry before exporting elsewhere except when such export is necessary for earning hard currency or for obtaining essential supples and yarns of cotton textiles and

yarns which cannot be met by India. Details would have to be settled at the forthcoming discussions for reaching a Trade Agreement.

(3) Jute is of course one of the principal commodities required by India from Pakistan. Since there was no immediate difficulties in respect of jute supplies it was agreed that there was no need to bring up the matter at this stage especially as this Committee were dealing primarily with items in respect of which difficulties of supplies were being experienced, but the long-term aspect of this question should be considered by the two Governments at an early date.

(4) Among the other commodities which Pakistan could supply to India were food grains, cement and hides and skins. It was agreed that the Government of India will prepare a quantitative statement of their requirements and communicate them to the Pakistan Government as soon as possible.

## ADDITIONAL MATTERS.

A number of other miscellaneous points were discussed. These are summarised below:—

(a) Pakistan representatives suggested that in order to keep down prices the Government of India should not levy any export duty on cotton textiles going to Pakistan and that Pakistan should not levy the export duty on raw cotton exported to India. The Committee agreed that this matter should be further considered by the two Governments.

(b) *Insurance Companies.*

It was agreed that difficulties experienced by the Insurance Companies owing to the partition should be examined in detail. Discussions between the representatives of the two Dominions had already been arranged.

(c) *Postal, telegraphic and telephone rates.*

It was agreed that this question, as well as the question of simplifying the movement of letters and postcards so as to reduce the delays which now arise by passing them through the exchanges should be examined urgently by experts of both the Dominions. Arrangements were already in train for these discussions. The questions of parcels which are subject to Customs duty, might require a different treatment.

(d) *Partition stores.*

To facilitate the movement of stores between the Dominions, which were covered by the orders of appropriate authorities dealing with the division of assets as a Partition matter, it was agreed that such movement should be exempt from the normal export and import control and Customs duties. Both the Govern-

ments, should introduce at an early date an agreed procedure for simplifying the formalities relating to their movement. It was considered that in certain cases powers would have to be delegated by the Central Governments to officers of the Provincial Governments in regard to such movements.

(e) The Pakistan representatives complained that no accounts had been received for the cross railway traffic. The Indian Delegation agreed to take up the matter with the appropriate authorities in Delhi. The Indian Delegation pointed out that accounts were similarly wanting in respect of interchange of traffic.

(f) In regard to the general complaint that there had been discriminatory practices against minorities in India in respect of the grant of export and import licenses and assessment of Income Tax ond similar matters, the Indian Delegation pointed out that it was impossible to deal with vague and general accusations of this nature. Indeed there were grave allegations of discrimination and injustice against minorities in Pakistan and specific cases had been brought to the notice of the Government of India. So far as India was concerned there was no question of discrimination against any minority, and individuals with concrete grievances had the right of redress at the hands of the highest authorities. The Government of India would deal sternly with any genuine cases of injustice or oppression. The Pakistan representatives agreed that their Government would do likewise.

(g) The non-receipt by the Pakistan Railways of their share of the supply of railway stores ordered prior to the 15th August 1947 and the non-receipt by the Eastern Punjab Railway of its share of stores from the North Western Railway were mentioned.

The Committee could not settle these issues, but recommended that this matter should be considered at a meeting of the representatives of the Railway Boards of the two Dominions and the other officers concerned.

They further recommended that in order to provide for a smoother working, a close liaissn should be established between the two Railway Boards.

(h) In regards to the complaint about the non-payment of the sum of Rs. five Crores, it was stated that the views of the Government of India had been explained by Mr. H. M. Patel in a letter addressed to the Hon'ble the Finance Minister, Pakistan.

(i) The Committee agreed that orders should be issued by both the Governments to the authorities concerned for terminating forthwith the unauthorised hold-up of goods including personal

effects, which had occurred in the past, between the two Dominions in the light of the conclusions now reached. The articles which were already in movement through recognised carriers before the termination of the Standstill Agreement should be let through with the minimum of formalities.

## LIAISON AND CO-ORDINATION.

The Committee considered that it is a matter of paramount importance that there should be liaison between the officers of the two Dominions at all levels for ensuring close co-ordination and freedom from harrassment and delays of every kind. Apart from the system of the appointment of special Liaison Officers of suitable grades wherever the volume and nature of the work justified, the officers of the Provincial Governments and the Central Governments of the two Dominions should make it a point of maintaining mutual contact and goodwill with their opposite numbers with a view to the removal of each other difficulties. The successful implementation of any agreement, or rules, largely depends upon the goodwill and co-operation of officials at all levels, and the highest administrative officers of the two Dominions should endeavour to instill this spirit amongst their officers and subordinates of every grade.

(Sd.) G. FARUQUE. (Sd.) V. NARAHARI RAO,
Calcutta, 18-4-1948. 18-4-48.

# ANNEXURE.

**(Annually required).**

| *Commodity.* | *Unit.* | *Quantity.* | *Conclusions reached.* |
|---|---|---|---|
| Asbestos Cement | sq.ft. | 50,00,000 | To be examined in Delhi. |
| Chemicals and Pharmaceuticals | Tons | 7,670 | Supplied from indigenous sources are referred to here and may be available. Quantities will be communicated from Delhi. |
| Coal | Tons | 34,00,000 | Interim arrangements are in existence for the present but delays in deliveries should be avoided. |
| Copper wire | Tons | 1,000 | Pakistan Delegation stated that large surpluses for disposal were lying in India. The feasibility of supply will be examined in Delhi. |
| Cotton Cloth and yarn. | Bales. | 5,00,000 | Immediate requirement covered by existing interim agreement. |
| Hardwood. | C. ft. | 5,00,000 | To be examined in Delhi. |
| Jute manufactures | Tons | 30,000 | India will meet Pakistan's own requirements for consumption. The Pakistan Delegation pointed out that the quantity mentioned is probably an under-estimate and might require an upward revision. |
| Leather and footwear. | Sq. ft. | 1,60,00,000 | To be examined in Delhi. |
| Canvas shoes. | lbs. | 1,06,80,000 | To be examined in Delhi. |
| Myrabollam | Tons | 2,000 | Supplies of quantities required will be allowed. |
| Edible oils excluding Mustard Oil. | Tons | 36,000 | Immediate requirements of 9,000 tons for the first quarter should be met. The total figure of annual requirements would however be subject to further examination. |
| Paints, Enamels and Varnishes. | Tons | 2,500 | Some supplies will certainly be available but quantities will need examination in Delhi. |

| *Commodity.* | *Unit.* | *Quantity.* | *Conclusions reached.* |
| --- | --- | --- | --- |
| Paper and Board. | Tons | 20,780 | Immediate release of 58 tons asked for was agreed by Dy. C.C.E. was instructed on the spot. Further supplies will be examined in Delhi. |
| Seed Potatoes. | Tons | 1,00,000 | To be examined in Delhi. |
| Railway Stores including rails and locomotives. | Value Rs. 4/- | crores. | —do— |
| Steel & Pig Iron & Scrap excluding rails. | Tons | 3,13,720 | —do— |
| Tyres & Tubes. | Nos. | 13,00,000 | Supplies considered possible but quantities to be examined in Delhi. |
| Woollen and Worsted goods. | lbs. | 11,00,000 | —do— |

(Sd.) G. FARUQUE
18-4-48.

(Sd.) V. NARAHARI RAO
18-4-48.

# APPENDIX III

## AGREEMENT BETWEEN INDIA AND PAKISTAN FOR THE MUTUAL SUPPLY OF CERTAIN ESSENTIAL COMMODITIES.

The representatives of the Government of India and the Government of Pakistan having considered the requirements of essential commodities which each dominion needs from the other have, subject to ratification by their respective Governments, agreed as hereunder-

1. The quantities of each commodity which each Dominion undertakes to make available to the other are stated in Annexures I and II. The Annexures also indicate the demands made by each dominion in respect of each commodity and special features, if any.

2. Apart from the commodities listed in the Annexures I and II it was agreed to show the maximum consideration in facilitating the export of goods from one Dominion to the other. It was agreed that imported goods which had been shipped and paid for in either Dominion before the 31st December 1947 out of the undivided exchang account will be allowed to be re-exported to the other Dominion wherever it is established that the goods were originally intended for consumption in that Dominion.

3. The period of the Agreement will be one year from 1st July 1948 to the 30th June 1949 except as regards:

(a) raw cotton and cotton textiles, for which the Agreement shall cover the period form 1st September 1948 to 31st August 1949; and

(b) foodgrains for which the Agreement will be for the period from 1st June 1948 to 31 August 1949.

4. With such exceptions as may be mutually agreed upon, supplies will ordinarily be made through commercial channels. Commodities which are not subject to *any* control either internally or for export present no problems. In the case of commodities which are not subject to internal control but are subject to export control, the supplying Dominion shall issue necessary export licenses in such a manner that the export of the agreed quantities will be facilitated. In respect of commodities which are subject to internal as well as export control, the supplying Dominin shall either supply on a Government to Government basis or make specific allocations in conformity with their internal control as well as issue export licenses.

5. In regard to raw jute, India agrees to restrict her exports of raw jute from the Indian Dominion to 9 lakhs of bales predominantly of the Indian varieties the bulk of which is not suitable for use in Indian mills and is usually exported.

6. It is agreed that neither Dominion will re-export to any country any commodity imported from the other Dominion in the form in which it was imported.

7. Pakistan agrees to supply foodgrains to India at the same rate as is charged for supplies to its own deficit Provinces. India agrees to supply steel f. o. b. Calcutta at f. o. b. Calcutta prices. The freight will be borne by the buyers. India also agrees that the internal controlled price of coal and paper will continue to be charged for sales to Pakistan also. Supplies of coal to the Government of Pakistan will be paid for out of irrevocable credits to be opened by the Pakistan Government. Other supplies of coal to Pakistan will be made on pre-payment by the purchasers in the usual manner. The prices indicated are exclusive of any export or import duties that may be levied by either Dominion.

8. It was agreed that subject to seasonal considerations each Dominion should agreed its purchases as uniformly and conveniently as possible.

9. In order to implement the Agreement in a smooth and orderly way, it was agreed that monthly progress reports should be exchanged between the two Dominions, and that meetings between representatives of the two Dominions, should be held every other month for this purpose.

10. During the currency of this Agreement items may be added to or taken away from the lists of commodities included in the Annexure by mutual Agreement between the two Dominions.

(C. C. DESAI) (MOHAMMAD ALI)

*Karachi,*
*The 26th May 1948.*

# ANNEXURE No. I

## REQUIREMENTS OF PAKISTAN.

| S. No. | Commodity. | Pakistan's stated annual requirements | Quantity agreed to by India | Remarks. |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| 1. | Coal | 3,400,000 tons | 183,000 tons per month (including as far as possible 5000 tons of hard coke) | *160,000 tons are firm. As for the balance of 23,000 tons, India will make every effort to move this quantity, subject to adequate transport being available, and will also invite the co-operation of Pakistan in this matter. |
| 2. | Cloth & yarn | 400,000 bales | 400,000 bales | One-fourth of this total quantity would be in the form of yarn. |
| 3. | Steel, Pig iron & scrap | 313,720 tons | 15,000 tons per quarter plus 1000 tons per quarter of corrugated iron sheets plus 4000 tons of pig iron per quarter. | |
| 4. | Paper and board | 20,780 tons | 6,000 tons of paper and 1,500 tons of board. | |
| 5. | **Chemicals and Pharmaceuticals** | | | |
| | † Sulphuric acid | 2,000 tons | — | Will be examined in DELHI |
| | ‡ (Aluminium Sulphate | 2,000 tons | — | -do- |
| | ‡ (Hydrochloric acid | 270 tons | 270 tons | |
| | ‡ (Nitric acid | 200 tons | 200 tons | |
| | ‡ (Magnesium Sulphate | 800 tons | 800 tons | |
| | ‡ (Ferrous Sulphate | 400 tons | — | Will be examined in Delhi |

* Govt. of India have since increased the firm commitment to 170,000 tons.

† Govt. of India have since agreed to supply 500 tons in the second half of 1948, position to be reviewed towards December.

‡ Since accepted.

| S. No. | Commodity | Pakistan's stated annual requirements | Quantity agreed to by India | Remarks. |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| 6. | Copper wire | 1,000 tons | Nil | |
| 7. | Asbestos cement sheets | 5,000,000s q. ft. (5,000 tons) | 2,500 tons | As regards the balance India will explore possibility of supplying Mangalore tiles instead. |
| 8. | Paints, enamels and varnishes. | 2,500 ton | 2,500 tons | Detailed breakdown not yet furnished. While the overall quantity could be supplied, certain quantities may not be available and substitutes may be suggested. |
| 9. | Railway stores | 39·3 lakh | | Supplies may be available but details will be considered in Delhi. |
| 10. | Tyres and Tubes. | 1,300,000 Nos. | — | * It should be possible to supply most of this requirement but detailed breakdown according to tyre size and quality required. Matter will have to be examined. |
| 11. | **Leather and Footwear.** | | | |
| | Upper leather | 60,60,000 sq ft. | | It should be possible to meet this demand in full provided adequate quantities of hides are available. |
| | Sole leather | 75,00,000 lbs | | |
| | Lining leather | 4,00,000 lbs | | |
| | Leather shoes | 6,00,000 lbs | | |
| | Canvas for 3,00,000 shoes | | | |
| 12. | Hardwood. | 5,000,000 c. ft. (10,000 tons) | Nil | India offered to supply instead 10,000 tons of Malabar jungle wood of which samples would be furnished to Pakistan |

* Total quantity accepted by the Govt. of India but specific categories under examination and if necessary adjustment will be made in the break-up given to India.

| S. No. | Commodity | Pakistan's stated annual requirements | Quantity agreed to by India | Remarks. |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
| 13. | Jute manufactures | 50,000 tons | 50,000 tons | |
| 14. | Myrabollams | 2,000 tons | 2,000 tons | |
| 15. | Woollen and worsted goods | 11,00,000 lbs | 11,00,000 lbs | |
| 16. | Mustard Oil | 50,000 tons. | 20,000 tons | |
| 17. | Groundnut Oil | 30,000 tons. | 5,000 tons | |
| 18. | Copra Oil | 6,000 tons. | Nil | |
| 19. | Seed potatoes | — | — | Export would be allowed of local surpluses in both Dominions. |
| 20. | Soap, Toilet | 2,000 tons | 2,000 tons | |
| 21. | Tobacco (flue-cured) | 7,00,000 lbs. | 7,00,000 lbs. | |
| 22. | Tea Chests | 3,00,000 pieces. | — | *The demand was put forward only in Karachi for the first time. Stated to be urgently required for the tea industry in East Bengal. Will be considered in Delhi. |

(C.C. DESAI) (MOHAMMAD ALI)

*Government of India have since agreed to 1,00,000 pieces within the next three months. This is not to serve as precedent.

## ANNEXURE No. II

### REQUIREMENTS OF INDIA.

| S. No. | Commodity. | India's stated annual requirements. | Quantity agreed to by Pakistan. | Remarks |
|---|---|---|---|---|
| 1. | Raw jute | 1,000,000 tons. or 5,500,000 bales | 5,000,000 bales | |
| 2. | Raw cotton | 900,000 bales | 650,000 bales | The proportion of medium and long staple cottons to be decided later. |
| 3. | Foodgrains | | | Pakistan agrees to supply 175,000 tons offoodgrains (mainly rice) unless there is a serious failure of crop *i. e.* to say if the rice crop is 4 annas or more below the average of past 5 years. Pakistan further agrees to do its best to improve upon this quantity. |
| | (a) Rice | 100,000 tons } | 175,000 tons | |
| | (b) Wheat | 200,000 tons } | | |
| 4. | Gypsum. | 1,000 tons | Rising to 1,000 tons per day under a programme to be mutually agreed upon. | |
| 5. | Resin. | 4,000 tons | Nil | |
| 6. | Raw hides & skins. | | | |
| | (a) Cow hides | 2,000,000 pieces | 1,000,000 pieces | |
| | (b) Buff hides | 500,000 pieces | 200,000 pieces | |
| | (c) Skins | 1,500,000 pieces | 1,500,000 piece | |
| 7. | Rock Salt | 2,000,000 mds | 2,000,000 mds. | |
| 8. | Soda Ash | 10,000 tons | | Factory is at present closed but is expected to get into normal production by end of 1948. It is hoped to meet India's demand in 1949. |
| 9. | Potassium Nitrate | 5,000 tons | 5,000 tons | |
| 10. | Cattle | 1,050 heads | 550 heads | |

(C.C. DESAI) (MOHAMMAD ALI)

Karachi the 26th May, 1948.

# TEXT OF AGREEMENT.

In order to facilitate proper fulfilment of the Agreement entered into between the two Dominions at Karachi in May 1948, the Delegations of the two Dominions have, after full discussion, agreed, subject to ratification by the respective Governments, on the following clarifications and arrangements:

## COTTON.

The Indian Delegation stated that the fixation of monthly quotas for the supply of cotton with a lapsing clause was not acceptable and should be reviewed. The representatives of the Pakistan Government agreed to fix an export quota of 360,000 bales for India for the period ending 31st January, 1949, provided that if Indian purchases during the period fell below 325,000 bales such shortfall will be liable to lapse. The Pakistan Government representatives agreed that export quotas to other countries and purchases by them and for internal consumption in Pakistan will not together exceed 360,000 bales during the same period. Pakistan representatives further agreed that consideration of fixation of quotas on a monthly or quarterly basis for subsequent periods be postponed and examined in due course by prior consultation in the light of working of this arrangement as a whole.

## FOODGRAINS.

At the concern expressed by the Government of India at the inability of Pakistan to supply foodgrains as a result of unexpected floods during the current crop season, the representatives of Pakistan assured the Indian Delegation that they were most anxious to implement the Agreement and that they would make their best endeavours to supply the stipulated quantity of foodgrains from their next Rabi crop.

## COAL.

Pakistan's representatives emphasised their inability to move cotton without supply of coal from India. They stated that hitherto they have not received the full quantity which India had promised to supply. At the same time Pakistan appreciated the difficulties which India had to encounter in supplying the full quantity of coal. The Indian Delegation assured the representatives of Pakistan that realising the importance of coal to Pakistan, they would take steps to ensure that full quantity of coal is supplied every month.

## OTHER COMMODITIES.

The representatives of Pakistan stated that nothing has been received from India against the quotas of steel, asbestos cement sheets, sulphuric acid, tyres and tubes, etc.

The Indian delegation reiterated that they have every intention of fulfilling the terms of the Agreement. In this connection the Indian Delegation agreed that steel will be supplied on F. O. B. Calcutta basis as contemplated in the Inter-Dominion Agreement.

## JUTE.

Both parties agreed that there was no occasion to change the existing policy in regard to export of jute to India. It was further agreed that should circumstances otherwise warrant, India will be consulted before any change is effected. At any rate, no change will be effected till the 31st December 1948.

## CLOTH.

The Indian Delegation agreed that they will make arrangements which would enable Pakistan to obtain regular supplies of cloth to Pakistan from India. The exact details of the arrangement will be settled at an early date by mutual consultation.

## GENERAL.

Both Governments recognise that the Agreement must be regarded as a whole and implemented in full; and for this purpose the arrangements for the export of commodities concerned must be devised in such a manner as to satisfy both Governments that the goods would move accordance with the terms and intentions of the Agreement.

*Signed in Karachi, 20th October, 1948.*

| | |
|---|---|
| Sd. S. A. HASNIE. | Sd. C. C. DESAI. |
| 20-10-48. | 20-10-48. |

# MINUTES OF AN INTER-DOMINION CONFERENCE HELD IN THE OFFICE OF THE TEXTILE COMMISSIONER BOMBAY ON TUESDAY THE 9TH NOVEMBER 1948.

PRESENT

*Government of Pakistan*

1. G. Faruque Esqr., Secretary to the Government of Pakistan, Ministry of Education and Industries.
2. A. B. Habibullah Esqr., Textile Commissioner, Pakistan.
3. M. A. Mozaffar Esqr., Deputy Secretary to the Government of Pakistan, Ministry of Finance.
4. M. H. Rahman Esqr., Director of Textiles, East Bengal.

*Government of India.*

1. C.C. Desai Esqr., C.I.E, I.C.S., Secretary to the Government of India, Ministry of Commerce.
2. A. K. Roy Esqr., Joint Secretary to the Government of India, Ministry of Finance (I & C Divn.)
3. T.P. Barat, Esqr., M.B.E., Textile Commissioner to the Government of India.
4. K. Sen Esqr., I.C.S., Deputy Secretary to the Government of India, Ministry of Industry and Supply.
5. R. Srinivasamurti Esqr., Under Secretary to the Government of India, Ministry of Finance, (I. & C. Divn.).

Neville Wadia Esqr.,
(By special invitation)

*In attendance*

R. K. Tandon Esqr., Deputy Chief Controller of Imports and Exports Bombay.

P. M. Mukherji Esqr., Deputy Chief Controller of Imports, Delhi.

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It was agreed that the supply of cloth and yarn to Pakistan by India will be on Government of India account. For this purpose, Government of India will use such agencies as they consider necessary. The Government of Pakistan will be free to use any agencies they consider necessary—a Government agency or a private trade agency—but there should be no more than one such agency for East Bengal and another for the rest of Pakistan.

2. For cloth supplied to them, Pakistan will pay to the Government of India the Controlled ex-mill price plus the fixed exporter's

margin of 15% plus an export duty of 10%. This will be in modification of the present scale of export duty.

3. It was agreed that any increase of export duty or of the exporter's margin by the Government of India would not affect the present agreement. On the other hand, if the Government of India reduced the general export duty below 10% or exporter's margin for other countries below 20%, Pakistan would get the benefit of such a reduction.

4. It was agreed that for yarn supplied to them, Pakistan would pay the Controlled ex-mill price plus an exporter's margin of 10%. This percentage will be subject to reconsideration between the two Governments should Government of India propose to impose an export duty on yarn.

5. All the above prices would be for cloth or yarn F. O. B. Indian ports or F. O. R. in case of despatches from mills by all-rail route.

6. For cloth and yarn purchased by them, Pakistan would pay by Irrevocable Letters of Credit payable to the Government of India.

7. Existing or future restrictions as regards widths applicable to exports to other countries will not apply to cloth supplied to Pakistan.

8. The Government of Pakistan will be given facilities for the inspection of cloth and yarn at godowns or docks before shipment takes place. The inspection will be on the basis of a maximum of 2% examination of each variety in every consignment. Disputes, if any, will be dealt with jointly by the Textile Commissioner of India and the Textile Commissioner of Pakistan.

9. Pakistan desired that the cloth supplied to them should be price-stamped in the same manner as cloth for internal consumption in India. This was agreed to.

10. It was agreed that cloth supplied to Pakistan should be in the following proportions.

| | |
|---|---|
| Superfine | 5% |
| Fine | 10% |
| Medium | 50% |
| Coarse | 35% |

Within these ranges the qualities and varieties of cloth to be supplied to Pakistan will be settled by agreement between Textile Commissioner, India, and Textile Commissioner, Pakistan. Textile Commissioner, India, will also consult Textile Commissioner, Pakistan about the mills from which supplies to Pakistan will be drawn.

11. It was agreed that Pakistan would endeavour to purchase 75,000 bales of cloth and 25,000 bales of yarn before the 31st of December 1948. Thereafter, during the months of January to June, 1949, Pakistan

will be entitled to purchase cloth and yarn on a monthly average basis of 37,500 biles of cloth and 12,500 bales of yarn subject to a maximum of 45,000 bales of cloth and 15,000 bales of yarn in any one month. The balance of purchase, if any, will be completed before the end of August, 1949. The Textile Commissioner, Pakistan will intimate to the Textile Commissioner, India, his firm demand for every month before the end of the previous month.

12. If purchase of cloth by Pakistan during any month falls short of 37,500 bales, the difference between 37,500 bales and the quantity actually purchased will be carried forward, subject to the proviso that the quantity carried forward from one month to another will not exceed 7,500 bales and subject also to the limit of maximum purchase in any one month mentioned in para. 11 above.

13. Where any part of Pakistan quota lapses due to the operation of this provision, Government of India will attempt to supply cloth against such lapsed quota during July-August, 1949 to the extent possible, if requested to do so by the Government of Pakistan.

14. These conclusions are subject to approval by the two Governments.

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| Sd. C. C. DESAI | Sd. G. FARUQUE |
| 10. 11. 48. | 10. 11. 48. |

# INTER-DOMINION CONFERENCE AT NEW DELHI

**(DEC. 6 TO 14, 1948)**

# APPENDIX IV

## Report of the Economic Committee

**NEW DELHI.**

**12th December, 1948.**

## ECONOMIC COMMITTEE

*Members (India).*

1. Mr. H. M. Patel—Chairman.
2. Mr. S. A. Venkataraman.
3. Mr. K. R. K. Menon.
4. Mr. R. L. Gupta.
5. Mr. K. C. Bakhle.
6. Mr. K. R. P. Aiyangar.
7. Mr. M. V. Rangachari.
8. Mr. L. K. Jhaa.
9. Mr. B. N. Banerji.
10. Mr. S. Sen, (West Bengal)
11. Mr. S. K. Datta (Assam)
12. Mr. B. K. Acharya (Dewan of Tripura).

*Members (Pakistan)*

1. Mr. G. Faruque.
2. Mr. Aziz Ahmad.
3. Mr. Azhar.
4. Mr. N. M. Khan.
5. Mr. J. B. Shearer.
6. Mr. Ijaz Ahmad.
7. Dr. Nazir Ahmad.
8. Mr. Abdul Qadir.
9. Mr. Nasir Ahmad.
10. Mr. Bashir Ahmad.

# REPORT OF THE ECONOMIC COMMITTEE APPOINTED BY THE INTER-DOMINION CONFERENCE AT NEW DELHI IN DECEMBER, 1948.

(1) The Calcutta Agreement of April 1948 was reviewed in detail. The result of the review as well as the fresh recommendations which the Committee found it necessary to make in order to achieve the main objects in view are shown in Appendix I.

(2) The Agreements signed at Karachi relating to the mutual supply of certain essential commodities by one Dominion to the other were reviewed and the result of the examination as well as the fresh recommendations made by this Committee are indicated in Appendix II.

(3) The case of stores sold through the disposals organisation lying in one Dominion and purchased by a person who resided or had since evacuated to the other Dominion has been considered at previous Conferences without any agreement having been reached. The present Committee having reviewed the matter recommends the following solution:—

(a) All such purchasers should be given the option either to take delivery of the stores before the 28th February 1949, or to ask for the cancellation of the sale.

(b) Where the purchaser prefers the former alternative every facility should be provided to him by the Dominion where the goods are lying to take these goods to the other Dominion if the purchaser so desires.

(c) Where the purchaser exercises his option to have the sale cancelled, any money deposited by him should be refunded in full without deducting any demurrage, rent, etc., by the Dominion in which the stores are located.

(d) The arrangement outlined above should apply even to persons who fall in the category of an evacuee and payment should be made to him and not to the Custodian of Evacuee Property. If necessary, the relevant law of either Dominion should be amended in order to let the purchaser have the full benefit of this recommendation.

(4) The review of the Agreements reached so far has shown that while the two Dominions have found it easy and even necessary to agree on fair and equitable principles in dealing with the wide variety of problems arising out of partition, in actual implementation there have been frequent and recurrent lapses on both sides. The Committee therefore recommends that the machinery set up in Section II, Clauses 2 (i), (ii) and (iii) of the Agreement should also be utilised for the purpose of ensuring the implementation of the various agreements reached by this Committee in the spirit in which they are entered into.

(5) A number of instances, where there had been lapses in the implementation of the agreements reached so far or there had been other difficulties, came up before the Committee and agreed decisions were taken as indicated in Appendix III.

# APPENDIX IV.

## REVIEW OF CALCUTTA AGREEMENT

## PARAGRAPH 3 (1) OF THE CALCUTTA AGREEMENT

| *Decision taken at Calcutta* | *Review of present position* | *Fresh recommendations* |
| --- | --- | --- |
| (*a*) The Customs Authorities of the two Dominions should together work out a common set of simple baggage rules applicable or both sides to passengers travelling from one Dominion to the other, | Common set of baggage rules has been worked out and is in force since June, 1948. | (1) Subject to certain modifications now agreed upon, the rules should be published in both the Dominions on 20th December 1948 for general information.<br>(2) Although restrictions exsit at present on both sides regarding export of jewellery made wholly or mainly of gold, gold jewellery in use should be treated on the same lines as other jewellery and made eligible to the concession under the baggage rules. |
| (*b*) The application of the baggage rules should be made with due consideration so as to avoid irksome restrictions and unnecessary harassment of passengers.<br>(*d*) Personal searches should as a rule be avoided, and only carried out in cases where there is genuine suspicion of smuggling. In such cases, the search should only be conducted under the personal orders of the Senior-most Customs Official present and a record of all searches made should be maintained. Liaison Officer should be allowed facilities to ensure a fair application of the rules. | Although instructions on the subject have been issued, the danger of smuggling of cloth has been responsible for far more detailed examination than would otherwise have been necessary. | (1) Attention of all Customs Authorities of both Dominions should again be drawn to the supreme need of reducing the detailed examination of baggage or personal searches to the minimum necessary to check smuggling.<br>(2) Where smuggling of cloth was found to have decreased the Customs Authorities should be instructed to reduce the intensity of their examination of baggage for this purpose. |

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| (*c*) Passengers baggage should be checked only by duly authorised Customs staff and no one else.<br>(*g*) Passengers should be shown every consideration and as far as possible suitable arrangements should be made to facilitate the easy movement of through-passengers without needless examination and harassment.<br>(*j*) Once a passenger has passed the Customs frontier, no further search or examination of his luggage or person should be made. | There have been reports that these clauses have not always been observed. | (1) It should again be pointed out to the Customs Authorities as well as the Provincial Government and the Military Authorities of both Dominions that examination of passengers' baggage including in baggage transit through either Dominion is the function solely of authorised Customs staff, and where transit takes place through authorised routes it should not be interfered with by any other authority.<br>(2) The baggage rules will be amended to provide for the sealing of individual packages carried with the passengers so that such packages as well as those carried in the Guard's van Might be exempt from examination *en route*.<br>(3) A suitable procedure should be devised for sealing of railway wagons and holds in steamers and flats as well as individual packages so that goods in transit might be exempt from examination *en route*. |
| (*e*) The personal search of women passengers if at all made, should be carried out only by women officers, as provided for by the Sea Customs Act.<br>(*i*) All authorised Customs Officers should carry suitable badges or other means of identification. | Necessary instructions have already been issued to the Customs Authorities of both Dominions. | |

| Decision taken at Calcutta. | Review of present position. | Fresh recommendations. |
|---|---|---|
| (*f*) Both Dominions should re-examine their Tariff Schedules and their Import and Export Control Notifications to see what relaxations are possible with a view to minimise or render unnecessary any Customs formalities in regard to the personal effects of passengers. | The difficulties have been largely due to the check maintained over the smuggling of cloth as well as in respect of gold jewellery. As regards Tariff Schedules and control notifications see also clauses (*b*) and (*c*) of next para. | Recommendations against clauses (*a*), (*b*) and (*d*) of this para. and clause (*b*) of the next para. should improve matters. |
| (*e*) No person other than an authorised Government Servant, *e. g.* a Police Officer duly authorised may hold up any person crossing the frontier on the ground that he is carrying or suspected to be carrying contraband goods or is smuggling. Such a person should be taken or directed to the nearest Customs post by such officer for examination and no examination of his luggage or person should be made by any one who does not belong to the Customs staff. All such authorised officers should wear distinctive badges. | There were still some complaints of persons being detained by individuals, officials or otherwise, not duly authorised. | (1) Officers of Police or other departments should be empowered to function under this paragraph only in respect of places and routed where land Customs stations did not exist and Customs staff were not available. (2) Both Dominions should bring this arrangement to the notice of their Provincial Governments and other local authorities and all officers other than Customs Officers who were authorised for the purpose of preventing smuggling should wear suitable distinctive badges for purposes of identification. |



**PARAGRAPH 3 (2) OF THE CALCUTTA AGREEMENT.**

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| (*a*) As far as possible, the two Dominions should set up parallel Customs posts as near to each other as possible so that for each Customs post in one Dominion there is an opposite number. | On the whole there are fewer Customs posts on the Pakistan side than on the Indian side in the Eastern Region. | (1) The two Collectors of Land Customs should meet within a fortnight and review the position, and make recommendations regarding the setting up of a number of parallel posts, where necessary. Decisions should |

(*b*) Having regard to the economic considerations, both Dominions should try to reduce the number of commodities which when moving from one Dominion to the other shall be subject to an import or export duty. In fact only specified articles should be liable to duty and the rest should be free. This would obviate the absurd difficulties which have arisen in regard to perishables such as fish, fresh fruit, etc.

(*b*) The Pakistan representatives pointed out that the Government of Pakistan had in fact imposed import duties only on a short list of specified articles imported from India and the rest were free. The Govt. of India, however, had continued to apply their full customs tariff to Pakistan except in respect of a list of articles which had recently been specifically exempted.

The action taken by India was not in accordance with the Calcutta recommendation and it was also not sufficient to fulfil the purpose of the recommendation made in clause (1) (*f*) of the Calcutta report that tariff schedules should be relaxed with a view to minimising or rendering unnecessary customs formalities in regard to personal effect of passengers. The Indian representatives stated that they were not prepared to adopt the system of taxing only specified items since they regarded the method adopted by them as being more logical and more simple in administration

be taken within a month thereafter and communicated to the other Dominion.

(2) Pakistan should particularly examine the feasibility of having Customs posts at Juri, Manu and Belonia on the Tripura border.

1. India should exempt bamboos (about which there was some doubt) and articles of cottage industry of Pakistan made of mother of Pearl, horn, bone or shell.
2. India should consider exemption in respect of the following items of Pakistan manufacture:—

Etherdrine
Asphalt
Crude Pottasium Nitrates.
(Manures)

3. Subject to further examination as they were protected items, both the Dominions should consider exempting indeginous cycle parts and accessories.

Items 75 (6), 75 (7) and 75 (8).

4. Both Dominions should consider exempting from import duties all drug and medicines of indigenous origin in the other Dominion including the drugs and medicines containing spirit.
5. The duties on tea, tobacco, beatel-nuts and handloom cloth which entail fiscal and administrative problems will be further considered.

| Decision taken at Calcutta | Review of present position. | Fresh Recommendations. |
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| | and were of opinion that substantially it fulfilled the Calcutta recommendation. They offered, however, to consider any suggestions which might be made by Pakistan regarding additional items produced or manufactured in that Dominion which they might wish to be added to the list of exemptions. | 6. Commodities in respect of which either Dominion removes the import duty at the request of the exporting Dominion should not ordinarily be subjected to any export duty or an increase in the existing export duty by the latter. If any new or additional export duty is imposed, the importing Dominion will be entitled to reconsider the action taken in respect of the import duty. |
| (*c*) A similar examination of the Export Trade Control Notification should be made by both Dominions. There is no import control between the two Dominions at the moment. | Exemptions have been given by both sides. While lists of items still subject to export control have been published on both sides, there seemed to be a great deal of misunderstanding regarding the actual state of affairs. | A list of officers should be furnished by each Dominion to the other to whom all changes in respect of export and import controls affecting between the two Dominions should be communicated. |
| (*d*) The Pakistan representatives claimed that if the Havana Charter is ratified, each Dominion will become entitled to "most favoured nation" treatment in respect of rebates of excise | Since the Calcutta Conference, this question had been raised by the Pakistan representative at the recent Geneva Session of the Contracting Parties to the G. A. T. T. The Pakistan delegation referring to the | No decision was reached. |

duties and urged that in the interests of Inter-Dominion trade such treatment should be authorised by both Dominions without further dely. The Indian representatives stated that the present practice is not, in fact, uniform and that this is due to certain practical difficulties and other circumstances. The Pakistan representatives expressed their willingness to co-operate in removing any practical difficulties and requested that a final decision on the claim already put forward officially should be reached within a month in order to enable them to settle their import policy. India promised to reach a decision at an early date.

interpretation given by the Chairman at the Geneva Session stated that Pakistan was entitled to claim a rebate of excise duty under the terms of the Most-Favoured-Nations' Treatment clause of the G. A. T. T. They further pointed out that the Government of India were in fact granting rebates of excise duties in respect of at least three excisable commodities exported from India to other countries (namely tea, tobacco and tyres) but were refusing to allow such rebates in respect of the same commodities exported to Pakistan. The Indian delegation stated that their Government had expressed their view in this question in their letter of 24th November, 1948, to the Finance Secretary, Pakistan. They were unable to appreciate the linkig up of an issue arising out of the rebates of internal taxes on articles of indigenous production with the Most-Favoured-Nations' Treatment as contemplated in the G. A. T. T. They were, however, prepared to consider a comprehensive settlement of outstanding trade and allied issue which could include the question of rebates also. The Pakistan Delegation considered that the question of rebate was a separate issue and should not be dependent on a general trade agreement.

| *Decision taken at Calcutta* | *Review of present position.* | *Fresh Recommendations.* |
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| (*e*) Where any cultivator living in a border village of one Dominion has land in the border village in the other Dominion he should be permitted within a reasonable period after the harvest, to take across the border to his residence reasonable quantities of any controlled commodities produced by him for his domestic consumption with the minimum of restriction and formalities. | As a result of an agreement reached at the Chief Secretaries' Conference between East Bengal and West Bengal, this recommendation is not being implemented. East Bengal took the view that the arrangement to suspend the operation of this clause applied only between East Bengal and West Bengal, while Assam and Tripura argued that it applied equally to all the provinces and states bordering on East Bengal in terms of the minutes of the Chief Secretaries' Conference. | The decision taken at Calcutta still stands and should be implemented. There is no objection, however, to all the provinces and state which are concerned with this problem making a revised agreed recommendation to their respective Governments modify the arrangement. |
| | **TRANSIT.** | |
| (*a*) Each Dominion should take effective measures for the smooth implementation of transit facilities to the other Dominion in accordance with the provisions of International Agreements governing such transit. | Although for many commodities the procedure is working smoothly, difficulties have arisen mostly in the following types of cases :<br>(*i*) Movement of mineral oils through Karachi to India, and Calcutta to East Bengal.<br>(*ii*) Movement of salt from Karachi to East Bengal through Calcutta.<br>(*iii*) Movement of kerosene to Assam and through Chittagong to Tripura.<br>(*iv*) Movement of timber, jute, tea and rice from one part of India to another through East Bengal.<br>(*v*) Movement of rice from one part of East Bengal to another through | 1. The agreement regarding transit being one of the most vital clauses of the Calcutta Agreement there should be no obstruction or impediment placed on the movement of goods of any category whatsoever by either Dominion, each of which should further ensure that Provincial Governments or other local authorities do not interfere with such traffic in any way whatsoever.<br>2. Questions relating to foreign exchange liability should not result in any physical hold-up of commodities moving in transit as the foreign exchange liability is clear under sub-para. (b) of this item. |

(b) The foreign exchange earning or liability for any transit cargo moving in bond shall belong to the Dominion of origin or destination as the case may be and not to the Dominion of Transit.

(c) Transit cargo should in general be given the same transport priority as is accorded to similar cargo moving internally.

West Bengal.

(vi) Machinery, vehicles, foodstuffs and ather civil stores moving from West Bengal to Assam.

The difficulties were sometimes due to transport considerations, sometimes due to uncertainty of doubt regarding the transit procedure foreign exchange position, sometimes due to the examination of the nature and origin of the commodity at points other than the Customs posts of entry and exit, and sometimes owing to action taken by persons other than authorised Customs officials.

Although the principle has been accepted there has been some delay in working out a detailed procedure with the result that difficulties and doubts have arisen in regard to individual commodities at certain times.

There seem to be many difficulties and differences in regard to both the priority question as well as the general movement and turn-round of wagons going in transit.

3. There should be no inspection or check of the physical identity of goods going under transit except at the Customs points of entry, exit and transhipment and the only check *en route* should be of the Customs papers relating to transit, no matter what the provincial or central laws regarding the internal movement of similar commodities may be.

4. Each Dominion agrees that clear instructions to the abovt effect should be immediately issued to all Provincial and other authorities concerned.

Agreed instructions covering the procedure for the adjustment of foreign exchange for all types of transit goods should be issued by the two Dominions within one month. No difficulties relating to foreign exchange should be allowed to hold up the movement of goods.

1. The normal turn-round of wagons and the return of empties are technical problems which must be discussed and settled within a fortnight between the representatives of the railway system concerned.

2. The movement of 60 B. G. loaded wagons a day in transit between the other parts of India and Assam through Pakistan was agreed to and Pakistan would indicate, if necessary, the number of M. G. empties re-

| *Decisions taken at Calcutta.* | *Review of present position.* | *Fresh recommendations.* |
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| | | quired by them to make this movement smooth and uninterrupted.<br>3. There should be no hold-up of traffic for any differences and difficulties relating to accounts—<br>4. The priority given to transit wagons at the point of origin should be observed throughout the journey in transit.<br>5. Hili (in Pakistan) which serves the Indian hinter-land and Jalpaiguri in India are served by E. B. Railway. Rohanpur in Pakistan is served by O. T. Railway.<br>In such cases the railway system concerned must give the same priority to goods offered for booking as is being given on the same section for similar commodity offered for booking within the Dominion to which the serving railway belongs.<br>(6) The movement of raw jute from points in the Indian Union to Calcutta will be facilitated under the same priority as is accorded to it at the railway station of despatch in the Indian Union; where the railway station in question is in India, but happens to be under the control of East Bengal Railway. Priority will be given by Pakistan to all movements for the Calcutta port, and for movements to mills, as is given by |

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| | | India to her own raw jute moving to the port or to mills, when booked at a railway station in the Indian Union. |
| (*d*) The Customs expert of the two Dominions should get together to evolve a procedure for transit which should be as simple as possible and take into account the peculiar difficulties arising on account of geographical and transport considerations, *e. g.*, the need of transhipment and the location of transport heads at points different from the Inter-Dominion boundary. The procedure already introduced by the two Dominions should be reviewed. | An agreed procedure has been introduced and is on the whole working satisfactorily but occasional difficulties have arisen. | The Collectors of Land Customs concerned should meet within a fortnight and satisfy themselves that the procedure is adequate to deal with all types of goods in transit. |
| (*e*) The production of a certificate from a Customs Officer of the Dominion from which the goods are being sent should ordinarily be taken as conclusive evidence of the origin of such commodities at the point of entry for transit and transit facilities shall not be denied on the ground that there is any suspicion that the goods might have originally come from the other Dominion. | A few cases where the Customs certificates were not accepted were brought to notice. | Specific instructions should be issued to all Provincial and Local Authorities that certificates granted by the Customs authorities of one Dominion should not be questioned by them. |
| (*f*) In order to ensure the smooth working of the transit arrangements, the officers of each Dominion should receive suitable instructions to co-operate with the officers of the other Dominion to avoid disputes and difficulties. | Instructions had been issued to officers of each Dominion but sometimes difficulties arose on account of the action taken by Provincial Officers. | Similar instructions should be isused to provincial officers as well who should be particularly told that goods going in transit are entirely under the supervision and check of Central Custom Officers, and Provincial Officers should not interfere with these in any way. |

| *Decision taken at Calcutta.* | *Review of present position.* | *Fresh recommendations.* |
|---|---|---|
| (*g*) Each Dominion should post liaison officers at important Customs out-posts and important points *en route* selected by agreement in the other Dominion so as to facilitate the removal of any difficulties that might crop up. These liaison officers should be persons specially selected for their capacity to smoothen difficulties. These liaison officers will also have other functions in connection with the removal of difficulties of travellers and movement of goods and baggage. | This clause has not so far been implemented. | So far as East and West Bengal, Asam, Tripura and Cooch Behar are concerned, this provision should be implemented within three months and liaison officers should be posted by then. These officers should be trained in Customs work before they take up their duties. India will again address the Jodhpur State regarding Pakistan's proposal to post a liaison officer on the frontier between Jodhpur and Sind. The East and West Punjab Governments should also be consulted on the question whether liaison officers should also be posted it their territories. |
| (*h*) Where road or river transport is involved by itself or in combination with any other form of transport, arrangements should be made for transit facilities by establishing suitable out-agencies. | It was reported that having regard to the volume of traffic Pakistan had not found it worthwhile establishing an out-agency at Agartala. It was urged that an out-agency was necessary to facilitate the movement of goods in transit by rail-cum-road to Tripura. It was further suggested that more out-agencies were necessary on the Asam-East Bengal and Tripura-East Bengal borders. | It was agreed that an out-agency should be established at Agartala, and that if necessary, the Tripura State would contribute towards the cost of running the Agency. The position regarding other points should be reviewed by the E. B. Railway. |

# APPENDIX I

## REVIEW OF CALCUTTA AGREEMENT.

### TRANSPORT

| *Decision taken at Calcutta.* | *Review of present position.* | *Fresh recommendations.* |
|---|---|---|
| (*a*) To ensure that transport bottlenecks and congestion are avoided, operational committees consisting of representatives of the three railways in the Eastern region and the two railways in the Western region should be set up to deal with difficulties relating to rail transport. | An Inter-Dominion Railway Operational Committee is working on the Eastern Border. | Committees should also be set up<br>(*i*) for N. W. and E. P. Railways within 4 weeks, and<br>(*ii*) for Jodhpur and N. W. Railways later.<br>It is hoped that it will be possible to restore normal communications on these railways at a very early date. |
| (*b*) A Railway Operational Committee be established on an Inter-Dominion basis which could settle broad principles of Inter-Dominion rail transport. | The first meeting of the Operational Committee on an Inter-Dominion basis was held on 6th September and the following days at New Delhi. | It is recommended that a Standing Committee at Secretary level should be set up to deal with questions of general railway working which do not come within the definition of Stores and Rolling stock, such as financial arrangements, payment of bills, Inter-Dominion traffic and operation etc. The following composition is suggested:—<br>*India.*<br>1. A Member of the Railway Board.<br>2. A Finance Officer of the Railway Board.<br>3. General Manager or Chief Administrative Officer of a Railway.<br>*Pakistan.*<br>1. Director-General of Railways.<br>2. Financial Adviser (Communications).<br>3. General Manager of a Railway.<br>Each side should have power to co-opt one or more officers as may be necessary. |

## (3) FACILITIES FOR REPAIRS.

| *Decision taken at Calcutta.* | *Review of present position* | *Fresh recommendations.* |
|---|---|---|
| The movement of machinery, etc., sent from one Dominion to the other for repairs and return should be dealt with under the arrangements normally provided for under the import and re-export rules. To cover, however, past cases of machinery sent before the establishment of a Customs frontier reasonable latitude shall be given for a matter of three months in the application of the rules. | While instructions have been issued in accordance with the Agreement on the subject, in actual implementation there have been delays and difficulties owing to the fact that the question of the identity of the machinery which is being returned has to be established and the extent to which spare parts and replacements have been used in its repair has to be considered. | It was agreed that the Customs Authorities should be instructed generally to accept the certificate of the Works Manager of a Government or a Railway Workshop where the work was done. In the case of private institutions the Customs Authority concerned should use his discretion to accept a certificate from the repairing firm with such other evidence as he may consider necessary if complete physical identification is found difficult. Where the cost of additional parts or material did not exceed 25% of the total repair bill the production of an export licence should not be insisted on. Pakistan agreed to issue similar instructions. |

## (4) MISCELLANEOUS POINTS.

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| (*a*) In order to ensure the avoidance of undue hardship resulting from the switchover from the stand-still to the new situation, the two Dominions will consider sympathetically applications for the issue of export licenses for goods which were imported from overseas specially to meet orders placed by customers in the other Dominion. This is only for a short period of transition and will apply | It was reported that while some progress had been made there were still quite a number of outstanding cases on both sides. The main difficulty appeared to be that evidence to prove that the goods in question came within this recommendation was not always forthcoming. The second difficulty was that sometime questions of internal requirement were taken into account before release. It was brought to notice that some firms with their head- | 1. The administrative details of the implementation of this clause should be discussed between representatives of the two Governments so that a common set of instructions and a common procedure are evolved and made applicable on both sides.<br>2. In examining cases falling within this clause the question whether the goods are required for consumption in the Dominion where they may be situated should not arise. |

generally to shipments made and paid for before 31.12.1947. Commodities specifically ordered by dealers in one Dominion through the Ports of the other Dominion should be covered by the Standstill Agreement or the transit arrangements as the case may be and should not be denied to the persons who have ordered, paid or will pay for the goods.

quarters in India have got their factories in Pakistan and they were experiencing difficulties in sending stores, etc. to their factories from their headquarters.

3. Firms with their headquarters in India or in Pakistan who wish to send stores which they would normally supply to their factories in Pakistan or in India should be dealt with as follows:

(a) Stores in stock before partition should be allowed to go to the factories on the basis of the normal pre-partition distribution between the various factories owned by the firm.

(b) Stores falling under this clause of the Calcutta Agreement under review should be dealt with in accordance with the procedure described above.

(*c*) In respect of stores not falling under either of the above categories and in respect of fresh orders for stores, the matter should be considered on merits, the prime consideration being of foreign exchange.

4. An officer should proceed from Delhi to Karachi to discuss and finalise the details regarding the release of imported goods as well as to review the progress made on each side so far.

(*b*) In view of the recent conclusions at Havana to extend transist procedure to vehicles assembled in bond in the country of transit, India will extend transit facilities for motor vehicles specifically assembled in bond in India for

Detailed procedure in regard to assembly of cars in transit had since been worked out and is likely to be finalised in a matter of days. Pending the arrival of parts for assembly under this scheme Pakistan requested that some supplies should be made out of

India agreed to an immediate export of 15 Chevrolet cars and to a monthly export of 10 American cars assembled in India in bond on payment of dollars equivalent to the current import price of the cars for assembly. The arrange ment will extend for a period of 6

| *Decision taken at Calcutta.* | *Review of present position.* | *Fresh recommendations.* |
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| Pakistan subject to the foreign exchange being the liability of Pakistan. In this connection Pakistan requested that until transit arrangements become effective, a number of assembled cars considered fair by India should be allowed for re-export to Pakistan. This was accepted subject to the liability for foreign exchange being examined further. | the existing imports in India on payment of dollars. | months, or until the parts for assembly in transit begin to arrive, in India whichever is earlier. The supply of cars will be spread over equally between the Assembly Plants other than Ford. |

## ITEM (2) OF THE AGENDA

| *Decision taken at Calcutta.* | *Review of present position.* | *Fresh recommendations.* |
|---|---|---|
| The Committee recommended that the restrictions, whether imposed by a Central or Provincial Government on the movement between the two Dominions on commodities such as fresh fruit, vegetables, fresh milk and its products, fish (fresh and dried) poultry and eggs, local spices, bamboo and firewood and any customs duties thereon must be removed.<br>That the Indian Government agreed to discuss the supply of mustard oil to East Bengal to be decided at a meeting to be arranged within the next three weeks. Until then the Pakistan Government shall continue to allow the free movement of fish without any duty. | 1. Although working smoothly on the whole, there were some difficulties arising out of difference in interpretation as well as on account of administrative considerations on both sides.<br>2. When the officers committee report at Calcutta was approved at the ministerial level, fish (fresh and dried) had been excluded from para. 1 of the extract as India could not make any commitment regarding duty-free supply of mustard oil. Since then India had agreed to permit the export of a specified quantity of mustard oil but not to the removal of export duty thereon. | 1. Free movement means that no export or import licences whatever should be required and not that there should be licensing without any quantitative restrictions.<br>2. India should review again the position regarding the export duty on mustard oil and give an immediate answer. If India imposes duties on foodstuffs and/or could not agree to the removal of the export duty on mustard oil, Pakistan stated that she would be free to impose export duties on fish (fresh and dried), fresh fruits, vegetables, fresh milk and its products, poultry and eggs, local spices, bamboos and firewood, exported to India. The |

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|---|---|
| | movement of fish (fresh and dried) should be continued in either event without export restrictions. |
| 3. Free movement as at present interpreted by India applies to movements other than those by sea. Pakistan's view was that free movement should be allowed by sea too as certain fresh fruits from Bombay and onions from Kathiawar States move to Karachi by sea only. | 3. Ministry of Food, India, will examine allowing free movement by sea along with the matter referred to in para. 4 below and communicate their decision to Ministry of Food, Pakistan, by 1. 1. 49. |
| 4. Onions, garlic, potatoes and chillies are at present not included in the category of free mov vegetables. Pakistan suggested their inclusion n this category. | 4. Ministry of Food, India, will examine the matter further and communicate their decision to Ministry of Food, Pakistan, by 1. 1. 49. Pending this review *status quo* will be maintained and no new restrictions will be imposed by either Dominion. |
| 5. Preserved butter, powdered, condensed and tinned milk and ghi do not at present fall in the category of free moving milk products. It was suggested that indigeneous tinned milk and tinned butter may be allowed to be moved freely. | 5. The matter will be examined further by the Food Ministries of the two Dominions. Meanwhile to enable the condensed milk factory which is situated partly in East Bengal and partly in West Bengal to function normally, India and Pakistan will allow freedom of movement to its products. |

# ADDITIONAL MATTERS.

The general position appeared on review to be reasonably satisfactory. The following recommendations aremade :—

(*a*) Each Dominion should separately examine the feasibility and practicability of a Customs Union, as the study might be of use at a later date when the question might be taken within earnest by both the Dominions.

(*b*) The pre-partition arrangement regarding the through booking of fish and other commodities by river-cum-rail seemed to have broken down and should be revived in the interests of both the Dominions. The Pakistan railway authorities should immediately take up the matter with the steamer companies concerned.

(*c*) The movement of partition stores when duly authorised by the appropriate authorities was sometimes being held up owing to lack of understanding or the instructions of non-compliance with the prescribed formalities. Fresh and elear instructions should be issued on both sides.

(*d*) Difficulties in railway accounts relating to cross-traffic sometimes resulted in the hold up of wagons. The hold-up of wagons must be avoided at all costs. An agreed procedure should be evolved between the two railways to avoid a recurrence of difficulties in regard to accounts. Where instructions were issued by one railway system which affected another railway system or the movement of wagons coming from another railway system, there should be prior consultation between the two railway systems concerned. Arrangements should also be made to report the matters to the respective headquarters so that the over-all position might be kept under constant review by both sides.

(*e*) Whenever local officers of any provincial government felt it necessary to take any action affecting the movement of goods to another Dominion without prior orders, general or specific, of their Government, they should immediately report the facts to their Chief Secretary.

# Inter-Dominion Conference at New Delhi.

(December 6th to 14th, 1948)

# Appendix IV B

REVIEW OF KARACHI AGREEMENTS.

# REVIEW OF THE TWO AGREEMENTS AT KARACHI REGARDING THE SUPPLY OF ESSENTIAL COMMODITIES FROM ONE DOMINION TO THE OTHER.

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The Agreement signed at Karachi in May 1948 had been reviewed at another conference in October 1948. The developments since then were further reviewed. The position in regard to the various commodities and the conclusions reached in respect of them are summarised below:—

**India's exports to Pakistan.**

(1) *Coal.*

The latest available figures showed a distinct improvement on the earlier ones and India agreed to do everything possible to see that the full quantity of coal as agreed to at Karachi was supplied each month. India also agreed to consider supplying a larger proportion of the total quantity by rail.

Pakistan complained that no supplies of hard coke had been received. This had been due to a serious fall in Indian production and it was pointed out that even the original Agreement was not a firm one in respect of hard coke supplies.

It was agreed that Pakistan would supply to India a list of its essential requirements of metallurgical hard coke in order of priority and India would try to meet these requirements as far as possible. The Indian delegation further stated that an improvement was expected by the end of January when it would be possible to make larger supplies to Pakistan.

(2) *Cloth and yarn.*

Arrangements had only recenly been finalised by a conference between the two Dominions held at Bombay.

(3) *Steel, pig iron and scrap.*

India explained that there were no supplies in the first few months of the Agreement as it took about five months for supplies to become available after orders had been placed.

India hoped to step up deliveries with a view to supply the entire quantity of steel agreed to at Karachi during the period of the Agreement. If any appreciable portion remained undelivered, India would extend the time-limit.

(4) *Paper and board.*

Monthly allocations on the various mills were made by the I. & S. Ministry and export licences were issued accordingly. Pakistan asked that

the licences should not lapes at the end of each month. It was explained that export licences were normally valid for a period of three months and a similar validity would be given to the paper and board licences; if any licences had expired owing to a shorter time-limit having been given, they would be extended.

(5) *Chemicals and pharmaceuticals.*

The sulphates did not need any export licences and there was no hold-up on the Indian side in the normal free movement of sulphates to Pakistan. The quantities of acids that have so far been licensed were communicated to the Pakistan Delegation who intimated that some orders for acids had been placed by the Pakistan Government on Bombay and Calcutta firms. The Pakistan Delegation would communicate the particulars to the Indian Chief Controller of Exports, who would issue export licence to them within the quota if they are eligible.

(6) *Asbestos cement sheets.*

No applications had been received for exports when applications had been invited from manufacturers. A licence for 200 tons had been given so far to Asbestos Cement Ltd. It was agreed that licences at the rate of 500 tons a month should be given to the same firm who were the only manufacturers, so that the full quota could be supplied within the period of the Agreement.

(7) *Paints and varnishes.*

Many varieties are decontrolled. It was agreed that licences should issue for half the agreed quantity of paints, enamels and varnishes to be supplied by India in respect of the controlled categories containing lead and Zinc Licences for the remaining half would be in the decontrolled varieties. The Pakistan Delegation would communicate particulars to the Indian Chief Controller of exports to enable him to issue licences to eligible parties within the quota.

(8) *Leather and footwear and myrobalems, were decontrolled items.*

(9) *Jute Manufactures* were allowed to go to Pakistan without export licence being necessary.

(10) *Woollen and worsted goods.*

Practically the whole quantity had been licensed already.

(11) *Groundnut Oil.*

Licences have been issued for a portion, but movement has been slow.

(12) *Mustard Oil.*

The quantity licensed was satisfactory but there was complaint regarding actual movement. The Indian figure of actual movement was very

much higher than the one of which Pakistan appear to be aware. To expedite supplies it was decided that all licence-holders should be told by the Government of India that unless they moved the oil within the time for which the licence was valid, the licence would be given to other parties and they would be permanently debarred from getting any licences in the future. It was further agreed that particulars of licences issued and quantities moved would be supplied regularly to the Pakistan authorities.

(13) *Tyres and tubes.*

Approximately half the quantity had been licensed for export by India and it was agreed that the full quantity should be immediately licensed.

(14) *Tobacco.*

There was not export control over tobacco in India. The Pakistan Delegation pointed out, however, that if India insisted on charging the maximum rate of excise duty on the fluecured tobacco, the Agreement would in fact be ineffective since the importers would not lift the tobacco on those terms.

(15) *Seed potatoes.*

Pakistan pointed out that although India had agreed to supply one lakh maunds of seed potatoes they had no information of any quantity having moved. India stated that movement of potatoes, both table and seed, from Assam to Pakistan had been made.

(16) *Additional matters.*

Pakistan asked for the export of bauxite to Pakistan at the rate of two wagons a month. India agreed to this.

Pakistan asked for a quota of 6000 tons of linseed oil. India promised to examine the matter and to make a suitable allocation to Pakistan during 1949.

It was agreed that India will do everything possible to ensure that the goods licensed for export actually did move and for this purpose would

(a) issue export licences expeditiously,

(b) take suitable action against parties who having got export licences failed without reasonable excuse to move the goods in time and

(c) ensure that transport difficulties were removed as expeditiously as possible.

India also agreed to give special consideration to orders placed by the Pakistan Government with suppliers in India within the frame-work of the general export licensing policy, provided timely intimation of Pakistan Government's orders was received.

## PAKISTAN'S EXPORTS TO INDIA

1. *Raw Jute.*

The Indian Delegation expressed conoern over supply position and the slow movement of raw jute to India and considered that in view of the final forecast figure issued by East Bengal (Agriculture Ministry) namely 54.7 lakh bales the maintenance by Pakistan of exports of raw jute to other destinations at the level mutually agreed to in Karachi in July last might have the effect of causing a shortfall in the agreed supply to India.

The Pakistan Delegation assured the Indian Delegation that they need not apprehend any reduction in the quantities earmarked for India under the Karachi Agreement. According to Pakistan's latest and most reliable estimates of the jute crop the actual crop in Pakistan would not be less than 60 lakh of bales after allowing for local consumption and therefore they were satisfied that Pakistan's exports to other countries on the existing scale would not actually interfere with the delivery of 5 million bales of raw jute to India. In regard to movements, Pakistan agreed to upgrade the priority under which raw jute was moving to the mills in Calcutta to the extent necessary with a view to maintaining movements approximately at 1946 level. In order to improve matters in connection with the movement of jute traffic on the E.B. Railway, representatives of Railway Board (India) agreed to supply Broad Gauge empties to the extent necessary. The General Manager, E.B. Railway should intimate his exact requirements to the East Indian Railway. It was agreed that the position should be reviewed again in the near future. Pakistan also suggested that a Joint Committee consisting of competent representatives of the two railway systems and transport and jute interests concerned should be set up in Calcutta so as to keep the problem of raw jute transport by road, rail and river under constant review.

(2) *Raw cotton.*

India drew attention to the recent orders issued by Pakistan which required that India should not only purchase 325,000 bales of cotton before the 31st January 1949 but should also export them out of Pakistan to India. India took the view that the Karachi Agreement of 20th October 1948 was clear and unambiguous on the point that India was required only to purchase the cotton by the end of January end there could be no objection to the physical export taking place later. Pakistan agreed that this was the correct interpretation. India stated that as the time-limit for making purchases of raw cotton was very short and Indian importers had to be asked to start buying immediately after the Karachi Agreement of October last, the system of distribution of quotas to India through different shippers which was being adopted by Pakistan was bound to give rise to difficulties in actual practice. For example it might happen that some of the contracts entered into by Indian importers were not with parties who got export licences from Pakistan. It was agreed therefore that for the current licensing period, special consideration should be given to India's difficulties in this respect and an officer should go from India to Karachi in order that any possible difficulties might be resolved on the spot. Pakistan added that as a substantial portion of the quota was being given to shippers who were exporting before partition it would be possible in most instances to accommodate Indian orders within the frame work of Pakistan export licensing.

(3) *Foodgrains.*

1. The estimated loss of the rice crop in the normally surplus provinces of West Punjab, Sind and Baluchistan in the current Kharif year due to floods was shown by Pakistan as in statement attached (Schedule A). As the loss was above 4 annas of the average of the past five years production of rice in the said Provinces Pakistan urged that it was not in a position to supply any foodgrains to India.

2. India claimed that the basis for reckoning the percentage of loss should be the total rice crop of the dominion as a whole. In substantiation India stated that in the case of a normal crop in West Pakistan and serious failure in East Pakistan, the Dominion of Pakistan would certainly have pleaded extenuation and diverted rice earmarked for India to its Eastern Wing. Pakistan urged that if that interpretation was accepted it would imply that Pakistan would have to supply 175,000 tons of rice even if there was total loss of rice crop in West Pakistan plus a loss of one million tons in the rice crop in East Pakistan. Therefore, the intention could not have been to apply the escape clause to the rice crop of Pakistan as a whole.

3. Pakistan Government agreed that if during the current Kharif year the surplus declared by the surplus areas turns out to be in excess of the requirements of the deficit areas in Pakistan and becomes available for export it will be supplied to India and no rice will be exported to any other country.

4. Pakistan also agreed that if a surplus of wheat becomes available for export during Rabi harvest, April-May 1949, Pakistan will supply to India against its commitment of 175,000 tons of foodgrains under the Karachi Agreement. If the surplus wheat position from that harvest permits it, Pakistan will increase this quantity. No wheat will be exported to any other country from the Rabi harvest, April-May 1949 until the above commitment has been met.

5. In order to ascertain if a surplus of wheat is available for export to India for the purposes of para. 4 above India suggested that if the procurement of wheat in the wheat surplus areas exceeds a figure agreed between the two Dominions the excess should be deemed to be available for export. This matter will be settled between the Food Ministries of the two Dominions.

6. The restrictions against export referred to in para. 3 and 4 will not cover token exports of small quantities, *e.g.* quantities sent to meet requirements of Pakistan Embassies etc. abroad.

7. Even on the basis suggested by Pakistan in para. 1 the loss works out to about 28%. The actual figures of acreage and yield of these areas are not available yet. India, therefore, reserves the right to re-open the question of supply of rice by Pakistan if finally the loss of rice works out to less than 25% of the average referred to in pera. 1.

## SCHEDULE A.

RICE (PAKISTAN)

| | Five years average 1943-44 to 1947-48 (000 tons) | 1947-48 (000 tons) | 1948-49 Acreage (000 tons) | 1948-49 Yield (000 tons) |
|---|---|---|---|---|
| Baluchistan | 20 | 21 | 51·5 | 27 (paddy |
| Sind | 597 | 553 | Not available | N.A.* |
| West Punjab | 321 | 294 | ,, | N.A.* |
| East Bengal | 7528 | 6737 | 19127 | 6634 |
| N.W.F.P. | ·12 | Not available | 53·7 | 45** |
| Bahawalpur | 12 | 11 | Not available | N.A. |
| Khairpur | 9 | 9 | ,, | N.A. |
| | 8499 | 7625 | | |

* The estimates of acreage and yield for 1948-49 are not available but the estimate of loss received by Pakistan Government in terms of rice is as follows :—

| | | |
|---|---|---|
| Sind | ... | 150,000 tons |
| West Punjab | | 109,000 tons |

** Doubtful. To be confirmed.

(4) *Additional matters.*

It was agreed that the movement of soft wood should be made free of all control on both sides.

# Inter-Dominion Conference at New Delhi

## Appendix IV C

Individual cases of difficulties were discussed by the Economic Committee and the following agreed decisions were taken for immediate implementation by both sides :—

(1) The following consignments meant for Tripura and held up in East Bengal will be released :—

(*a*) Oil drilling machinery belonging to B.O.C. in respect of which Pakistan Government have already issued orders.

(*b*) One jeep and two trailers going from Calcutta.

(*c*) 1000 maunds of salt going to Sabroom held up at Dhoomghat.

(2) S.D.O. Habiganj had imposed a ban on the movement of dried fish to Tripura. This should be removed.

(3) It was reported that vehicles working for the out-agency of the E.B. Railway at Balu Ghat were not being allowed to enter the railway station which was in East Bengal. It was agreed that the difficulty should be removed.

(4) It was reported that at Hill railway station some difficulty was still beinge xperienced in the booking of transit cargo as there was no Customs official on the Pakistan side. It was agreed that Pakistan will make suitable arrangements to facilitate this movement.

(5) Pakistan agreed to issue orders for the release of 400 wagons reported to be held up at Lalmanirhat for invoicing particulars.

(6) Milk and milk products have recently been brought under export control by the Deputy Chief Controller of Imports and Exports, Chittagong. It was agreed that this was on account of misunderstanding and the notification will be cancelled at once.

(7) It was reported by Pakistan that an agreement reached in February 1948 regarding the supply of cement from East Bengal to Assam and from India to East Bengal had not been implemented on the Indian side. A permit for 2000 tons for immediate supply was being issued by India and a regular supply in terms of the original agreement was agreed to by both sides.

(8) Four of the reparation plants allotted to Pakistan are still lying at Bombay. India agreed to issue export permits for them as soon as particulars were received from the Pakistan Government. As the allocation of these plants to Pakistan had been made before they landed at Bombay, Pakistan requested that India should examine the question of exempting these consignments from the payment of Indian import duty. India promised to give a quick reply.

(9) Pakistan mentioned that electric plant and machinery for the electr.c supply companies in East Bengal ordered through Calcutta firms had been landed in Calcutta before Partition. It was agreed that such plant and machinery will be allowed to be exported to East Bengal. India further agreed to consider sympathetically the question of allowing the export of spares and maintenance stores which are fabricated in Calcutta for the electric supply companies in East Bengal.

(10) India agreed to consider Pakistan's request for the export of 15 maunds of Bengalee printing type from Calcutta to Pakistan. The particulars will be communicated direct to the Chief Controller of Exports, India.

11) Pakistan requested that an export of 120 tons of sulphur to East Bengal should be permitted to meet an immediate requirement of certain sugar factories and Pakistan would supply this quantity to India later when direct imports had been made. This was agreed to.

(12) Pakistan complained that movement of commodities like gunny bags and cloth from India to East Bengal was hampered owing to the non-availability of wagons. Pakistan stated that wagons for the movement of Foodgrains at stations like Rohanpur, Nachol, and Godagari worked by the Indian railways though situated in East Bengal were not being made available. India promised to see that steps are taken to facilitate the movement of these commodities and it was agreed that these matters should further be considered at the next meeting of the Railway Operation Committee.

(13) It was agreed that nothing would be done to interfere with the movement of foodgrains from Nithpur to other areas of East Bengal by the river route which passes through a portion of Indian territory.

(14) India agreed to allow cylinders to go out as containers of gas on the understanding that their return will be allowed without any restriction.

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INTER-DOMINION CONFERENCE AT NEW DELHI

(December 6—14, 1948).

## APPENDIX V

**Report of the Committee for boundary disputes and border incidents between East Bengal—West Bengal, between East Bengal—Assam, and between East Punjab—West Punjab.**

*MEMBERS*

| Pakistan | India |
|---|---|
| 1. Mr. Aziz Ahmed | 1. Mr. S. Dutt |
| 2. Mr. Fida Hussain | 2. Mr. S. Sen |
| 3. Mr. M.W. Abbasi | 3. Mr. J. N. Talukdar |
| 4. Mr. S.M. Burke | 4. Mr. M. R. Sachdev |
| 5. Mr. Mahbuddin Ahmed | 5. Mr. S. K. Dutta |
| | 6. Mr. B. K. Acharya |
| | 7. Mr. A. K. Mukherji |

**Terms of Reference**

To discuss the boundary disputes and incidents on the East-West Bengal, East Bengal-Assam and East Bengal-Tripura borders and the border incidents on the East-West Punjab border and suggest the machinery necessary for :

(*a*) settlement of disputes ; and

(*b*) prevention of such incidents.

1. The Committee met on the 6th, 9th, 10th, 11th and 18th December 1948. On the last two days it was assisted in its deliberations by the members of the Steering Committee, Messrs. H. M. Patel and G. A. Faruque.

2. *Boundary Disputes* : The Committee makes the following recommendations for the settlement of the East-West Bengal and East Bengal-Assam boundary disputes :

(1) *Tribunal* : *Terms of Reference* : A Tribunal should be set up at as early a date as possible and not later than 31st January 1949, for the adjudication and final settlement of the following boundary disputes arising out of the intrepretation of the Radcliffe Award and for demarcating the boundary accordingly :

(*A*) *East-West Bengal disputes concerning* :

(*i*) the boundary between the district of Murshidabad (West Bengal) and the district of Rajshahi including the thanas

of Nawabganj and Shibganj of pre-partition Malda District (East Bengal); and

(*ii*) that portion of the common boundary between the two Dominions which lies between the point on the River Ganges where the channel of the river Mathabhanga takes off according to Sir Cyril Radcliffe's Award and the northern most point where the channel meets the boundary between the thanas of Daulatpur and Karimpur according to that Award.

(*B*) *East Bengal-Assam disputes concerning* :

(*i*) the Patharia Hill Reserve Forest ; and

(*ii*) the course of the Kusiyara River.

(2) The Tribunal shall consist of three members as follows :—

One member nominated by each of the two Dominions of India and Pakistan such person being one who is holding or has held igh judicial office and a chairman who is holding or has held high judicial office and is acceptable to both Dominions. In the event of disagreement between the members, the decision of the Chairman shall be final in all matters.

The Tribunal shall report within three months from the date of its first sitting.

(3) After the Tribunal has adjudicated upon the disputes, the boundaries shall be demarcated jointly by the experts of both Dominions. If there is any disagreement between the experts regarding the actual demarcation of the boundary *in situ*, such disagreement shall be referred to the Tribunal for decision and the boundary shall be demarcated finally in accordance with such decision.

(4) The Tribunal shall prescribe the procedure to be followed for adjudicating upon the disputes as well as for deciding the point or points of disagreement, if any arising from the demarcation of boundary.

3. (1) The Committee further recommends that the entire boundary between East-West Bengal (other than the portion described in paragraph 2 above) should also be demarcated without further delay by the Directors of Land Records of the two Provinces assisted by such staff and in such manner as they might mutually agree upon, areas where disputes have arisen or may arise being taken up first.

(2) The Committee recommends that the boundary between East Bengal on the one hand and Assam, Tripura State and Cooch Behar State (India) on the other, except the portions described in para 2 above, should also be demarcated as soon as possible by the Directors of Land Records of the Provinces or States concerned, assisted by such staff and in such manner as they might mutually agree upon.

4. The cost of the Tribunal and of implementing the recommendations contained in paragraphs 2 and 3 above other than that of the staff normally employed by the two Governments shall be borne equally by both Dominions.

5. In order to prevent border incidents on the East Bengal-West Bengal and East Bengal-Assam borders, the Committee recommends that all border incidents other than those involving questions of policy shall be settled by the District Magistrates and failing them by the Commissioners of the Provinces concerned, or where there are no Commissioners, by officers of equivalent rank and steps shall be taken to prevent the recurrence of such incidents in the future.

6. Regarding the incidents on Tripura-East Bengal border, the Committee agreed that both Governments must take all possible steps to prevent the recurrence of such incidents in future. Such incidents shall be settled by the District Magistrates of the districts concerned in East Bengal and the Dewan of Tripura State who should meet as soon as practicable, with a view to holding a joint enquiry, if necessary, followed by such other action as the circumstances may necessitate. In the event of disagreement between the District Magistrates and the Dewan, the matter shall be referred to His Excellency the Governor of Assam and the Hon'ble the Premier of East Bengal or their nominees, for decision.

7. Both Governments agree that no attempt will be made by either side to settle boundary disputes by force.

**Interim Arrangements**

8. (*i*) *East Bengal-Assam border* : The Committee recommends the following proposals for the interim administration of the Patharia Reserve Forest on the East Bengal-Assam border :—

(1) There shall be no armed forces of either Government of any description within 5 miles of the periphery of the Reserve Forest.

(2) East Bengal Government shall be in possession of the Reserve Forest west of the Radcliffe Line and Assam Government shall be in possession of the Reserve Forest east of the Radcliffe Line.
The strength of the Forest staff to be employed by each of the two Governments on each side of the Radcliffe Line shall be determined jointly by the Conservators of Forests, East Bengal and Assam.

(3) Each side undertakes not to make any new construction of any description within the areas of the Reserve Forest, of which it will be placed in charge, for the interim administration, provided, however, that there shall be no objection to any special operations necessary in connection with the oil boring by the B.O.C. on either side of the Radcliffe Line within the Reserve Forest.

(4) In order to satisfy themselves that each of them is carrying out the undertakings set out above, the two Governments will agree to the areas of the Forest placed in their respective charges being inspected by a Joint Committee of officers, one of each Government, not below the rank of a Divisional

Forest Officer assisted by such advisers as each might consider necessary.

(*ii*) *East Bengal-West Bengal border* (*Rajshahi-Murshidabad*)

It was agreed that without prejudice to the rights of either Government to the areas in dispute each Government shall continue to maintain possession of the areas which are now in its possession along the East Bengal-West Bengal border. The area now in actual possession of West Bengal at Ghughumari Ghat (Rainapure) shall be cordoned off by East Bengal on its periphery on the East Bengal side and shall continue to remain in the possession of West Bengal provided that

(*a*) both West Bengal's and East Bengal's anti-smuggling staff may be stationed in this area and may freely patrol the river bank along this area ; and

(*b*) that West Bengal will exercise civil and criminal jurisdiction over this area and shall post a Magistrate on the spot to deal with local cases.

**Border incidents on the East Punjab-West Punjab border**

9. The following arrangement was agreed upon by the Chief Secretaries of West and East Punjab and recommended by the Committee.

(1) It was agreed that there was a need for having a line of demarcation between East and West Punjab, especially in the area where the boundary line was not very clear. The possibility of setting up boundary pillars in this area should be immediately explored. We further recognise the difficulties that arise on account of some villages belonging to one Dominion being on the wrong side of the river in the other Dominion. It is suggested that the two Financial Commissioners on either side assisted by such expert revenue officers as they consider necessary may meet and go into this problem with a view to making definite recommendations. The two Financial Commissioners will also immediately go into the question of the erection of boundary pillars in the area where the boundary is not clear.

(2) (*a*) It was agreed that the Inspectors-General of Police of East and West Punjab should meet at least once a month to review the situation arising out of border incidents on both sides, assisted by the local District Magistrates and the Superintendents of Police. They will discuss the individual incidents and devise measures to ensure that such incidents are not repeated,

(*b*) For this purpose the two Inspectors-General of Police must take steps to institute immediately enquries into all serious incidents which will be reviewed by them in their monthly conferences, and

(c) The two Inspectors-General of Police will submit a monthly report of the progress of their work to their respective Governments for their onward submission to the Dominion Governments.

(3) A warning shall be issued by the two Provincial Governments to the local border police, home guards and national guards, etc., asking them to desist from giving any direct or indirect assistance to the raiders on both sides. Similar warning should be issued to the military along the border by the two Dominion Governments. Where as a result of the monthly conferences between the two Inspectors-General it appears that military or police personnel are involved in the raids, immediate and effective disciplinary action shall be instituted by the Provincial or the Dominion Governments concerned.

(4) Where the residents of a village are proved to have been involved in such raids, apart from other action, the question of levying collective fine on the village shall be immediately considered by the Provincial Government concerned; and

(5) The two Provincial Governments shall take steps to publicise these decisions along the border areas so that the miscreants and raiders on either side know that effective action shall be taken against them in the event of their participation in such activities.

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## INTER-DOMINION CONFERENCE AT NEW DELHI

(December 6 to 14, 1948)

## APPENDIX VI

## EVACUEE PROPERTY

Record of the discussions of the Evacuee Property Committee of the Inter-Dominion Conference held in New Delhi on 6th—9th December 1948, in the room of Secretary, Ministry of Relief and Rehabilitation.

*Present*

| | |
|---|---|
| 1. Mr. C. N. Chandra<br>2. Mr. V. D. Dentyagi<br>3. Mr. P. N. Thapar<br>4. Mr. Y. K. Puri | Representatives of the Government of India. |
| 5. Mr. E.de.V. Moss<br>6. Mr. Abdul Qadir<br>7. Maj.-General Abdul Rahman. | Representatives of the Government of Pakistan |

## Introductory

1. The representatives of the Government of Pakistan stated that they were not in a position to give their considered views on certain important items in the Minutes of the Inter-Dominion Conference of July 22, 1948, such as the areas to which the agreement should be extended or the treatment of urban immovable property. The Government of Pakistan had been actively examining the important points involved and as they had not been able to collect all the important data which was necessary to enable them to come to a decision, it was impossible for their representatives to put forward any definite proposals in this Conference.

It was for this reason that they had requested India not to include this item in the agenda but had finally agreed only after India had insisted on its inclusion.

The Government of Pakistan representatives also said that their Government was under the impression that these minutes were subject to ratification by both Governments and that the Government of Pakistan for the reasons given above, had not yet ratified them.

They further stated that, in their opinion, another conference should be held shortly in, say, a month's time and by then they would be able to come to a final decision on the outstanding points and be in a position to put before the Conference definite proposals.

2. The Indian Dominion representatives, on the other hand, were of the opinion that certain agreements had already been reached at the Minister-level Conference of 22nd July 1948, and there could be no question of re-opening the agreements already arrived at. Agreements in the past had invariably been acted upon without any formal ratification by either Government. They were rather disappointed at the protracted negotiations, as, in their opinion, very little had been achieved since the Inter-Dominion negotiations in March 1948. Refugees in either Dominion had been led to believe that they would be able to dispose of their property before long and in the meanwhile secure the income accrued to them from their property. These hopes had, unfortunately been deferred too long. It was the firm conviction of the Indian representatives that a very early and expeditious settlement of the property question would go a long way towards the rehabilitation of refugees in either Dominion thus removing a very potent cause of friction which exists at present between the two Dominions.

3. Pakistan representatives regretted that a misunderstanding had occurred but they fully agreed with India that an early settlement of the property question was of vital importance and that Pakistan would do everything in its power to expedite the settlement.

### Part I.—General of the minutes of the Conference of 22nd July—

*I. Areas to which agreement will apply.*

4. The representatives of Pakistan Government said that they regretted they were unable to accept at present the proposals contained in the minutes

of the Conference of 22nd July, 1948 for the extended areas as these have not been approved by their Government. They would prefer to leave the matter open for consideration at the next Conference and in the meantime they would like to work on the old areas as agreed to in the Conference in March 1948, *viz.*, the whole of Western Pakistan, and, in India, the Province of East Punjab, East Punjab States less Malerkotla State, the States of Alwar, Bharatpur and Bikaner, and the Province of Delhi. The India Government representatives stated that the areas had already been agreed upon on 22nd July, 1948 and there was no justification for re-opening the question.

*II.—General Principles.*

5. Paragraph (3) of the 22nd July, 1948 minutes was accepted by representatives of both India and Pakistan.

6. Paragraph (4) of the 22nd July, 1948 minutes—The representatives of Pakistan stated that they would prefer to keep this open till the next Conference.

**Part II.—Agricultural Property**

7. Paragraph (5) of the minutes of 22nd July, 1948 Conference—It was agreed that considerable progress had been made in the preparation and exchange of copies of revenue records of West Punjab and East Punjab districts and the East Punjab States. In regard to the other States in India, namely Alwar, Bharatpur and Bikaner, and for the Province of Delhi the records were being prepared, but exchange had not yet taken place. In Pakistan, similarly, the revenue records of the Provinces of North West Frontier and Sind and the administered area of Baluchistan and the other States in West Pakistan, particularly, Bahawalpur and Khairpur, were being prepared but had not yet been exchanged. It was agreed that the following procedure should be adopted for the exchange of the remaining copies of the revenue records and that every effort should be made to complete the work by the 15th January, 1949.

Copies of all the revenue records of the remaining areas in Pakistan should be handed over to the Deputy High Commissioner for India in Lahore.

Copies of the revenue records for the remaining areas in India should be handed over to the Deputy High Commissioner for Pakistan at Jullundur.

It was agreed that a Joint Committee of the two Deputy High Commissioners at Jullundur and Lahore should be set up to see to the work of procurement of the copies of the revenue records and for their expeditious transfer to the representatives of the other Dominion.

8. Paragraph (6) of the minutes of Inter-Dominion Conference of 22nd July, 1948—

(*a*) Representatives of both Dominions agreed that a Liaison Officer of the other Dominion should be appointed to be in close touch with the Custodian of Evacuee Property, for the purpose of—

(*i*) obtaining information on general principles being followed with regard to management of evacuee property;

(*ii*) making representations—general or in respect of cases of particular evacuees or properties—for the consideration of the Custodian ;

(*iii*) obtaining information regarding demand statements and account statements regarding properties of evacuees and generally to expedite by references to the Custodian the implementation of paragraphs 9 and 10 of Part III of the draft scheme of the Joint Official Committee of March 22nd—25th ;

(*b*) The Liaison Officer will be attached to the High or Deputy High Commissioner of the Dominion to which he belongs, but will have office accommodation in the office of the Custodian to which he is attached ;

(*c*) The Pakistan representatives agreed to the above on the condition that the office of the Custodian of Evacuee Property, East Punjab, was and would remain at Jullundur.

**Part III.—Urban Immovable Property**

9. Paragraph (7) of the minutes of the Inter-Dominion Conference of 22nd July, 1948—The Pakistan representatives said that they were not prepared at the present moment to consider the question of settlement of urban immovable property. They would like this question to be held over for consideration at the next Inter-Dominion Conference.

10. Paragraph (9) of the minutes of 22nd July—The Pakistan representatives stated that Pakistan was not prepared at the present moment to agree to any proposal for the unrestricted private exchange of urban property. They would like this proposal to be held over and considered at the next Inter-Dominion Conference.

In regard to the proposal for the Joint Urban Assessment Board made in paragraph (9) of the minutes of 22nd July, 1948, the Pakistan representatives stated that in the present circumstances it was impossible for Pakistan to agree to such an elaborate organisation being set up.

It was, however, agreed by the representatives of both the Dominions that it was desirable that steps should be taken for early collection of rents for evacuee property and settlement of accounts in accordance with the provisions contained in paragraphs 9—10 of Part III of the Inter-Dominion Draft Scheme dated 22nd—25th March, 1948.

**Part V.—Movable Property**

11. Paragraph (11) of the minutes of 22nd July, 1948—The Pakistan representatives stated that the Joint Government Agency proposed in the July Agreement was not acceptable at the present moment and suggested that

a Joint Committee of the Deputy High Commissioners at Jullundur and Lahore should go into the question and suggest alternative measures for the evacuation of movable property.

The representatives of India stressed the need of a Joint Government Agency, but they had no objection to the two Deputy High Commissioners meeting together to make proposals for consideration.

12. Paragraph (12) of the minutes of 22nd July, 1948—The proposals in this paragraph have been agreed to and are being acted upon.

13. Paragraph (13) of the minutes of 22nd July, 1948—It was agreed that the Inter-Dominion Commission should now start functioning.

14. Paragraph (14) of the minutes of 22nd July, 1948—As the question was not specifically referred to the Pakistan Government before this meeting, their representatives would prefer to postpone a discussion of this item to the next Inter-Dominion Conference.

15. Paragraph (15) of the minutes of 22nd July, 1948—May be referred to the Inter-Dominion Commission.

16. Paragraphs (16) to (19) of the minutes of 22nd July, 1948—

### Assessment to Income-tax on Refugee Assessees

Proposals agreed to by the C.B.R. India and Pakistan for the consideration of the Committee.

Government of India will appoint special officers at Delhi and Bombay to whom the refugee assessees in India who have come from West Punjab, N.W.F.P., Sind and Baluchistan will furnish (in duplicate) particulars of their addresses etc. as given in the letter dated 28-10-1948 to the Central Board of Revenue, Pakistan. The Press Note will be modified accordingly.

The special officer in India will forward a copy of these particulars to his counterpart in Pakistan who will distribute them among the Income-tax Officers having jurisdiction to deal with the cases.

The Income-Tax Officer concerned will then send the notices calling for returns or evidence through the special officer of Pakistan who will forward them in batches each week to the special officern in India and he will send them to the assessees concerned.

The Income-tax Officer in Pakistan should make an *ex parte* assessment *only* after he hears from the special officer in India that the notice could not be served on the assessee as his whereabouts are not known or that the assessee without valid cause has failed to comply with the notice. In cases where assessment would otherwise become time-barred, an *ex parte* assessment may be made after the due date for the receipt of return but full facilities should be given for re-opening the assessment on valid cause being shown in appeal.

Each Government will arrange for Assessees being represented before the Income-tax Officer, if they so desire by authorised agents to whom the accounts etc. will be sent through the respective High Commissioners.

As soon as an assessment is completed in Pakistan one copy of the demand notice should be sent to the special officer in Pakistan and he will forward it to his counterpart in India who will pass it on to the assessee. Another copy will be sent to the Custodian of Evacuee Property in Pakistan.

The Custodian will adjust against the demand any amount to the credit of the assessee and if the full demand could not be met, the balance shall be communicated to the assessee through the special officer.

Property of the assessee may be attached for the balance of the tax if any due, but shall not be sold in auction except with the consent of the assessee within one year after they are permitted to sell or exchange the properties.

Any *ex parte* assessments made before the introduction of this procedure on evacuee assessees to whom the "stand-still" agreement applied will be cancelled by the Commissioner and revised assessments made in accordance with the procedure contained herein. As regards other evacuees, appeals against *ex parte* assessments already made shall be entertained, irrespective of the time-limit, provided the appeals are filed before the 15th January, 1949.

The notices intended for assessees in India shall be sent to the special officer in India in special bags through the respective High Commissioners, and the special officer shall send them to the assessees at the addresses given in the statement, and shall after service of the notices, forward the acknowledgments to his opposite number in Pakistan.

Arrangements in Pakistan shall be exactly similar to those in India, and special officers will be appointed at Karachi and Lahore.

When owners of properties are permitted to sell or exchange their properties, such sale or exchange shall be subject to the claim for arrears of tax if any and shall not become final till tax is paid.

The proposals contained in the Central Board of Revenue India's letter to the Central Board of Revenue Pakistan mentioned above shall be acted upon except to the extent modified above.

This new procedure shall be announced in the Press simultaneously by both Dominions on the 17th December, 1948.

Other subjects discussed by the representatives of the two Governments.

### A.—Sale and Transfer of Shares

Pakistan representatives mentioned that correspondence was going on between the Governments of India and Pakistan regarding the existing restrictions on transfer and sale of shares in West Punjab. Pakistan representatives stated that if restrictions on such sale and transfer of shares in East Punjab

and Centrally Administered areas were removed, restrictions in West Punjab and other areas wherever they exist will be withdrawn by Pakistan Government.

The Indian representatives stated that the restrictions in India were imposed only because they existed in Pakistan and they would be prepared to withdraw the restrictions on a reciprocal basis.

It was agreed that restrictions shall be withdrawn by both the Governments immediately.

**B.—Money due to evacuees from Government and quasi-Government bodies.**

It was represented by the Pakistan representatives that restrictions existed in West Punjab, East Punjab and Delhi regarding the payment of money due to contractors who have now become evacuees and to Government servants, to servants of Universities and local funds and other local bodies. It was mentioned by the Pakistan representative that at present money payable to contractors was deposited with the Custodian and not paid to the contractor concerned by the Governments on either side. India also pointed out that in the case of the Punjab University employees who had migrated to India, the Provident Fund money had not been paid to the employees for lack of Custodian's permission. Similarly (restrictions have been imposed in Delhi. Court deposits and Provident Funds of teachers employed by local bodies were) similarly being held up in either Dominion. It was decided that all money due from Government or *quasi*-Government bodies like the University, the District and Municipal Boards and other local bodies should be payable by them direct to the evacuee concerned without the intervention of the Custodian and should be subject only to any Agreements regarding exchange control between the two Governments.

Examples of such payments were sums due to the contractors for work done or goods supplied or otherwise under the contract, pay, leave salary and provident fund amounts of Government servants and servants of Universities local bodies and *quasi*-Government institutions, security deposits of contractors and public servants, court deposits and scholarships due to students. These items are illustrative only and not exhaustive.

To enable this agreement to be implemented, immediate amendment of the Custodian of Evacuee Property Ordinance will be necessary in both the Dominions. In the meantime instructions should be issued not later than the 15th January 1949 to the Custodian to grant general permission for the free movement of money relating to such items.

The Indian representatives pointed out that on both sides a large number of claims from Government and semi-Government departments and institutions are outstanding and evacuees entitled to moneys are not being paid. It was agreed by both the representatives that effective measures should be taken to have all such claims considered and paid as early as possible. It was decided that both Governments should issue instructions to Government departments, semi-Government institutions and to local bodies to expedite payment of claims of evacuees.

*Teachers other than those included in B above.*—

It was agreed that teachers other than those employed by Government and *quasi*-Government bodies will also be given the benefit of the arrangements agreed to in B above.

**C.—Changes in Evacuee Property Law in Pakistan.**

The Indian representatives pointed out that the latest Pakistan Ordinance appeared to be strictor in certain respects than the older law, and contrary to the spirit of the negotiations between the two Dominions. The Pakistan Representatives agreed to examine the points raised by the Indian representatives. A detailed note on the subject is to be given to the Pakistan Government representatives and the matter will be discussed at the next Conference.

**D.—Jagirs and Muafis**

The question of Muafi, land grants, assignment of land revenue and Jagirs grant etc. was raised by the Pakistan representatives and it was decided that both the Governments should examine the position and discuss the matter further in the next Inter-Dominion Conference.

**E.—Estates under Court of Wards**

It was agreed that whether the estates were still under the Court of Wards or had been released and handed over to the Custodian after partition, the wards or ex-wards and dependents or ex-dependents may continue to be paid a suitable allowance direct by the Court of Wards or the Custodian as the case may be, as a special case.

**F.—Improvement Trust Plots**

It was agreed that the rights of the evacuee owner should not be forfeited. The sale of Improvement Trust plots generally include a condition that the failure to build within a specified period, or to pay the necessary number of instalments, would mean forfeiture of the plot of land by the Improvement Trust. It was agreed that such penal conditions should be held in abeyance. This does not preclude the state from acquiring or requisitioning the land for the purpose of rehabilitation of refugees.

**G.—Government servants who have migrated from one Dominion to another and who were in pensionable service but had not earned their pension.**

The concensus of opinion was that something must be done for these persons, but the question must pend the settlement of an agreement between the two Dominions on the bigger issue of the pensions already earned.

**H.—Exchange of undertrial prisoners on bail.**

It was agreed by the representatives of both the Dominions that since the persons who were in prison have already been transferred, there is no reason why those who were on bail should not be considered eligible for transfer.

Pakistan representatives pointed out that this matter was under consideration of their Governments ; but pending a final decision, it was agreed that no action should be taken to forfeit the bail-bonds or personal securities.

### I.—Transfer of cases in mental hospitals

It was agreed that non-Muslim patients in the mental hospitals in Pakistan and Muslim patients in similar hospitals in India whose relatives have gone over to the other Dominion may be transferred to India and Pakistan respectively subject to the adjustment of any amounts that may be due on their accounts. This will be applicable only to persons already in hospitals on 1st December, 1948.

Sd. E. de. V. MOSS,
Secretary,
Ministry of Refugees and Rehabilitation,
Government of Pakistan.
11th December, 1948.

Sd. C. K. CHANDRA,
Secretary,
Ministry of Relief and Rehabilitation, Government of India.
11th December, 1948.

**CONFIDENTIAL**

# DRAFT SCHEME FOR INTER-DOMINIONS EVACUEE PROPERTY AGREEMENT

(Prepared by Joint Official Sub-Committee at Lahore, March 22nd,—25th, 1948).

## PART I.—GENERAL.

1. **Areas to which Applicable**—

This scheme shall apply in the first instance in Pakistan to West Punjab, Sind, N.W.F.P. and Baluchistan and the States of Bahawalpur and Khairpur, hereinafter referred to collectively as Western Pakistan. (The N.W.F.P. and Baluchistan should be taken to include States which have acceded to Pakistan but to exclude un-Administered Agency Areas), and in India to the Provinces of East Punjab and Delhi, and to all the States formerly known as the Punjab States, except Malerkotla, Bahawalpur and Khairpur, and to the States of Bharatpur, Alwar and Bikaner ; these areas are hereinafter referred to as agreeed areas of the Indian Dominion.

2. **General Principles.**

(1) Except in accordance with the terms of this agreement the evacuee's rights in his immovable property shall not be affected by reason of the vesting of his property in the Custodian.

(2) In the evacuee's absence, the duty of preserving his property and safeguarding his rights and interests therein shall devolve upon the Government of the Province in which the property is situated.

(3) "Evacuee Property" shall be so defined as to exclude from its operation property belonging to Joint Stock Companies with Head Offices in India, maintaining branches in Pakistan, and *vice versa.*

Provided that where the Custodian or the Rehabilitation Authorities have already taken over the property, which owing to the disturbances was wholly or partially abandoned, such occupation shall continue, if so desired by the Government of the Province, for the period laid down in Section 9 of Part II and Section 2 of Part III.

NOTE :—The position of Joint Stock Companies which claim to have transferred their head offices from one Dominion to the other after the 15th August, 1947 may have to be examined separately.

3. **Administration of Evacuee Property.**

(1) The Provincial Government concerned shall appoint a Custodian of Evacuee Property.

(2) Evacuee property situated in a Province shall, for purposes of management, be vested in the Custodian.

(3) It shall be the duty of the Provincial Government to take all necessary action for the preservation of evacuee property and for safeguarding all the evacuee's rights and interests therein. In particular the Provincial Government shall require its Custodian of Evacuee Property to :—

(*a*) compile and maintain full and complete record of all evacuee immovable property, sparately for each town and village;

(*b*) make arrangements to be in a position as soon as possible to furnish to the evacuee (on demand by him) information in respect of administration of his property ;

(*c*) take into consideration such information as the evacuee may furnish to him, regarding his proper ty while dealing with matters connected with the administration of the concerned property;

(*d*) keep the interests of the evacuees paramount save in accordance with the provision of any law for the time being in force ;

(*e*) provide full facilities to the other Dominion or its representatives to represent to the Custodian the view-point and interest of any evacuee.

## PART II.—AGRICULTURAL PROPERTY

1. **Definitions.**

(1) "Agricultural Property" means :—

(*a*) land which is not occupied as the site of any building in a town or notified area and is occupied or has been let for agricultural purposes or for purposes subservient to agriculture or for pasture and includes the sites of buildings and other structures (including wells) on such lands ;

(*b*) other rights and interests therein, *e.g.* rights of lessees, grantees, mortgagees, etc., but not including assignments of land revenue.

NOTES :—(*i*) Land occupied or let for agricultural purposes and the like within or in the immediate vicinity of a built-up area in a town or notified area will be treated as urban immovable property.

(*ii*) Houses, shops and industrial and business premises in villages are dealt with in Part IV.

(2) "Evacuee owner" in this Part means as owner of evacuee agricultural property or a holder of any right or interest therein.

(3) "Fair value" will mean the value determined according to the average of the prices prevailing for similar land between June 1927 and June 1947.

This formula will not apply to those lands, the character or classification of which has been changed by special development schemes, such as extension of irrigation facilities and colonisation or by other special causes during the last 20 years. For such lands the Valuation Board set up under Section 3 below should vary the formula suitably.

**2. General Principles.**

(1) The Dominion in which the evacuee agricultural property is situated, shall acquire it on payment of fair value, except that part thereof in respect of which the Government concerned has accorded permission to exchange, or sell by private treaty, or has allowed restoration.

(2) Whenever permission to sell or exchange is granted by the Government concerned, the owner shall be free to —

(*i*) exchange or sell his property privately ; or

(*ii*) claim restoration of his property for management either directly or by agents appointed by him in his behalf.

**3. Valuation Board.**

To implement Section 2 of this Part, the two Dominion Governments will take the following steps :—

(*a*) They will exchange the Tehsil copies of the Jamabandis brought up-to-date till the 15th August 1947 in East and West Punjab, or such dates as may be agreed upon for other areas. Extracts of relevant entries from these Jamabandis will be taken by the Dominion to which the Jamabandis have been temporarily transferred and the Jamabandis will be returned to the original Dominion within six months.

(*b*) A Board will be set up for the purpose of drawing up a Schedule of prices, based on fair value of agricultural property, in the agreed areas of both Dominions with reference to, firstly, classification of different types of land such as Chahi, Nehri, Barani, Banjar, etc., and secondly, with reference to territorial divisions, which may be districts, sub-divisions, tehsils, assessment circles or, in any particular case, any other convenient territorial division.

(*c*) This Board shall consist of one officer each, not below the rank of a Commissioner, if possible with Settlement experience, nominated by each Dominion.

(*d*) This Board will have the entire responsibility for fixing prices based on fair value and dividing the Provinces into such sub-areas as they deem fit.

(*e*) This Board will have the right to set up as many joining committees of officers and others of the two Dominions as they think fit. These committees will work in local areas designated, by the Board. The reports of these committees will be checked and finalised by the Board before being issued.

(*f*) In case of disagreement between the two members of the Board, the matter shall be referred to an Arbitrator, acceptable to the two Dominions, who will be appointed at the forthcoming Ministerial Level Conference.

(*g*) The Board's decision or the Arbitrator's award, as the case may be, shall be forthwith published for general information.

**4. Publication of Lists of Evacuee owners and the value of their holdings.**

After the Schedule of Prices and the list of right-owners has been prepared the two Governments will publish lists declaring the money-value of the holding of each owner. These lists may be objected to on the basis of rights, but not on the bas's of values. The division on any question of rights will be given exclusively by the Dominion in which the evacuee owner is settled. The manner in which these disputes are to be decided will be prescribed by the Dominion itself. If the parties to the dispute are, however, nationals of different Dominions, the matter will be referred to Joint Tribunal to be set up in agreement between the two Dominions.

**5. Private Transfers and C.**

(1) Any evacuee owner, who desires that his land should be excluded from exchange through Government Agency, shall within two months of the publication of the schedule of prices take one of the following steps :—

(*a*) Apply to the Custodian of the Evacuee Property asking him to continue to manage his property, or

(*b*) ask for permission to sell, exchange or transfer his rights in his evacuee property, or

(*c*) apply to the Custodian for restoration of his property to him for management directly or through agents appointed by him in this behalf.

(2) It will be open to the Government or the Custodian concerned to accept or reject applications under clauses (*a*),(*b*) or (*c*) of Sub-Section (1) or in accepting any such application to impose such conditions as they think fit.

**6. Taking over or other property by Dominion Governments.**

All property with regard to which no application has been received or permission for private sale, exchange or restoration has been refused, shall be taken over by the Dominion in which it is situated at the fair value.

**7. Payment of Value.**

To facilitate payment, the two Dominions shall mutually transfer their respective liabilities towards their evacuee owners and adjust any difference between the totals of these liabilities by payment in the form of Bearer Bonds of a general issue, current at the time, open to the nationals of both Dominions and not specifically raised for this purpose alone, bearing $1\frac{1}{2}$ per cent. interest, free of income-tax, and of not more than 20 years' maturity. Such bonds shall be freely transferable between the two Dominions.

**8. Payment to Evacuees.**

Both Pakistan and India shall be free to determine the method and procedure for discharging their respective liabilities to evacuee owners in their respective Dominions.

**9. Applicability of certain provisions of Part III to this Part.**

Till any agricultural property is taken over under Section 6 of this Part the following provisions shall apply to such property :—

(*a*) Section 2 of Part III (*mutatis mutandis*), provided that the maximum period for which agricultural property may be requisitioned shall be three years ;

(*b*) Clause (*a*) of sub-section (1) of Section 8 of Part III ;

(*c*) Sections 9 and 10 of Part III (*mutatis mutandis*).

## PART III.—URBAN IMMOVABLE PROPERTY

**1. Definitions.**

(1) "Urban Immovable Property" means :—

(*a*) land or building or other permanent structures fixed to the earth which are not "agricultural property" ;

(*b*) other rights or interests therein, *e.g.* rights of lessees or mortagees ;

(*c*) commercial and industrial undertakings including shops, factories, workshops and businesses; wholesale or other, and the goodwill of such undertakings ;

(*d*) land as in notes to Part II, Agricultural Property, Section 1.

NOTE:—Houses and shops in villages are dealt with in Part IV.

(2) "Evacuee Owner" means an owner of evacuee urban immovable property or a holder of any rights or interests therein.

**2. Rights of Provincial Government.**

2. The Government of the Province in which evacuee urban immovable property is situated shall have the right to :

(*a*) acquire such property as it may need for a public purpose, which may include the rehabilitation of refugees or the economic rehabilitation of the Province, on payment of fair compensation to be determined by a Joint Government Agency for Sales and Exchanges ;

(*b*) requisition such property as it may need for a public purpose, which may include the rehabilitation of refugees or the economic rehabilitation of the Province, on payment of fair compensation

to be determined by a Joint Urban Assessment Board. The maximum period for which the Provincial Government will be entitled to requisition shall be limited in the case of—

(*i*) residential property to 3 years ;

(*ii*) commercial property to 3 years ;

(*iii*) industrial establishments to 5 years.

*Explanation.*—The term "requisition" shall include taking over and assuming control of evacuee property for the purpose of rehabilitation under any law for the time being in force.

NOTE:—Property owned by institutions and trusts will also be goverded by this paragraph unless and until a separate agreement is arrived at regarding such property.

3. **Conditions of Leases.**

(1) The conditions on which such requisitioned property is leased out shall be such as to cast upon the lessee an obligation to :—

(*a*) safeguard and preserve the leased property ;

(*b*) give full facilities to the proprietor or his duly authorised agent to arrange for inspection and to take all such action as may be necessary for canvassing buyers and for effecting sales or exchanges.

(2) In the case of industrial and commercial undertakings the lease conditions may also provide for depositing security against loss or damage.

(3) The conditions shall provide for the imposition of a penalty for any breach thereof.

4. **Responsibility of Dominion Government.**

(1) The Government of the Dominion in which the evacuee immovable property is situated shall provide facilities to evacuees (as also to private agencies working on their behalf) to enable transfers to be effected by sales, exchange or otherwise.

(2) To supplement the efforts of evacuees and private agencies, the two Dominion Governments shall set up a Joint Government Agency for Sales and Exchanges. The two Governments shall enjoy equal representation on this Agency. The Agency shall have the right to appoint assistants and assessors in any local area where these may be needed for purposes of valuation or facilitating transfers. The functions of the Agency in respect of transactions handled by it will be :—

(*i*) to assess, on application from evacuees, the value of their property (The value shall be assessed on the basis of "fair value". For this purpose "fair value" shall be the price which the property would fetch in the open market under the present conditions, provided that no organised attempt is made to keep the price unduly low by forming a ring, syndicate or by boycott, or otherwise);

(*ii*) to find purchasers, on request by an evacuee owner, for his property at or above its assessed value ;

(*iii*) to arrange for exchanges of evacuee urban immovable property; and

(*iv*) to ensure the grant of facilities for :

(*a*) legal formalities in regard to transfers and exchanges being completed ;

(*b*) disposal of sale-proceeds.

(3) The Agency shall have the right to charge a commission which shall not exceed 2% of the value of the property transferred, payment being made in equal shares by the transferor and the transferee. Any surplus left over with the Agency after meeting its expenses shall be divided equally between the two Dominions.

5. **Rights of Evacuees.**

(1) The evacuee owner shall have the right to transfer his property by sale, exchange or otherwise, subject to such right as may have been acquired by the Provincial Government (or by other persons claiming through the Provincial Government) as a result of the exercise of the powers referred to under Section 2 above, provided that no transfer will be permitted till the agency mentioned in Sub-Section (2) of Section 4 of this Part has come into existence. In case the setting up of the agency is delayed by more than six weeks after the coming into effect of the agreement, transfers will be permitted, notwithstanding the fact that the agency has not yet been set up.

(2) All such transfers shall be registered with the Custodian of the area concerned, who shall register the transfer unless

(*a*) the transferor fails to produce a certificate signed by the prescribed Income-tax Authority certifying that the transferor has paid all taxes due from him to the Income-tax Department in respect of his property, business or undertaking or has made satisfactory arrangements for the payment thereof ;or

(*b*) he has failed to pay any other dues outstanding against him in the Custodian's registers, in respect of (*i*) his own property (*ii*) third party claims recognised *ex parte* by the Custodian :

Provided that provision is made for review by the Custodian of third party claims thus recognized.

NOTE:—The representatives of India were prepared to accept Clause (a) above as it stands if the interpretation placed upon the word "due from him" was "income-tax assessed but not paid". If, however, the interpretation of these words was to be such as to make it possible for the prescribed Income-tax Authorities legally to delay the issue of a certificate for a number of years on the the ground that incom-tax payable for some years has not been assessed the representatives of India suggested that the transferor should be allowed registration of his transfer providcd that he deposited with the Custodian an amount equal to the average of the Income-tax assessed in the previous three years, In the alternative they suggested that a certificate fiom the Income-tax Authorities might be dispensed with in cases where one Dominion undertakes on behalf of the assessee to pay the amount that may be assessed in accordance with the law on the subject.

The Pakistan representatives considered that this matter required careful separate examination.

**6. Responsibility of Provincial Government.**

(1) The Provincial Government shall manage, through the Custodian appointed by it for the purposes, such evacuee urban immovable property as has not been acquired or requisitioned by it.

(2) The Custodian shall be free to take such action as he may deem fit in the interest of efficient management of such property subject, in so far as may be practicable, to the following limitations :—

(*i*) the period of lease in the case of residential property shall not exceed one year (the lease being terminable at one month's notice on either side) and in the case of commercial and industrial undertakings, shall not exceed one year or one season, save in cases in which, for reasons to be recorded in writing, the Custodian considers that in the interest of efficient management it is essential to give a longer lease ;

NOTE:—No commercial establishments shall be leased out for more than two years and no industrial establishments for more than three years without obtaining the consent of the evacuee concerned.

(*ii*) the provisions of Section 4 of this Part will also apply *mutatis mutandis* to the leases given by the Custodian ;

(*iii*) the Custodian shall fix the lease money in accordance with such procedure as may be prescribed by the Provincial Government in this behalf and such directions as may be received therefrom, and on the basis prescribed by the Joint Urban Assessment Board in accordance with Section 7 of this Part.

**7. Joint Urban Assessment Board.**

The two Dominions shall forthwith establish a Joint Urban Assessment Board, on which each will enjoy equal representation. It shall be the duty of this Board to :

(*i*) prescribe the basis for assessing the lease money for various categories of Urban immovable property ;

(*ii*) have prepared a list in duplicate (one copy for each Dominion) for each locality giving particulars of the evacuee urban immovable property situated therein, the names of the evacuee owners and the lease money assessed in accordance with (1) above ;

(*iii*) tour the areas concerned either themselves or through agents appointed by them for this purpose, in order to ascertain if rents have been fixed and lists prepared in accordance with the instructions given by them.

**8. Deductions from lease money.**

(1) From the lease-money fixed in accordance with Section 7 of this Part, the Custodian will have the right to make the following deductions :

(*a*) 10% of the realised rents for management, and

(*b*) 10% of the assessed rents for normal repairs.

(2) In the case of special repairs the Custodian will have the right to incur expenditure against the capital value of the property.

**9. Returns of rental collection information.**

The Custodian shall prepare for the six monthly periods ending 30th June and 31st of December each year, lists of evacuee property prescribed in clause (*ii*) of Section 7 of this Part, with additional columns showing the rents collected, the deductions made and the balance payable to each evacuee owner.

**10. Inter-Dominion Adjustment.**

The Custodian of each Province, State or region will send the lists thus prepared in duplicate to the Auditor-General of his Doiminion Government. That officer will forthwith forward one copy of each list to the Auditor-General of the other Dominion and proceed to consolidate the amounts in these lists. The two Auditors-General will adjust the net amount payable by one Dominion to the other through the Exchange Accounts of the two Dominions. If all the lists are not received within two months of the prescribed dates, namely, 30th June and 31st December by the Auditor-General of the other Dominion, adjustment shall be made to the extent of 50 per cent of the total amounts in the lists received at the expiry of the said two months, the balance being credited to the account of the Dominion to which it is due as soon as the outstanding lists from that Dominion are received.

NOTE.—This procedure is provisional and will be reviewed as soon as possible after the first adjustment.

**11. Restoration.**

Where the owner of any evacuee urban immovable property produces a certificate from the Rehabilitation Commissioner or an authority empowered by the Rehabilitation Commissioner in this behalf that the property is not required for the purpose of rehabilitation of refugees or the economic rehabilitation of the Province, the Custodian may, at the request of the owner, restore the property to the owner for management or disposal. Where the management has not been taken over by the Custodian, and the owner produces the above certificate, the Custodian may, on the owner's request, allow him to retain or assume management of such property.

**12. Cess for compensating damage during the disturbances.**

Each Dominion shall levy a cess at the rate of 2% *ad valorem* on transfers of urban property within its territory. The proceeds of this cess shall be funded and shared equally by the two Dominions at 6 monthly intervals.

Each Dominion will utilise its share of the cess for paying compensation to persons whose property has been damaged or destroyed in the other Dominion in the disturbances.

13. **Liabilities and functions of Dominion Governments.**

Neither Dominion will be bound to take over urban property at the price assessed by the Agency set up under Sub-Section (2) of Section 5 of this Part, and both Dominions will act merely as agents of evacuee owners in facilitating the sale or exchange of their properties.

14. **Prevention of attempts to prevent unfair fall of prices.**

The Dominion and the Provincial Governments in whose area the property is situated will do everything in their power to see that no organised attempts are made to keep the prices of evacuee property below the market level by forming rings, syndicates, boycotting or otherwise.

## PART IV.—HOUSES AND SHOPS IN RURAL AREAS.

1. Substantial houses (if the owner so desires and substantial shops, and Industrial and business premises other than *Kachcha* sheds will be treated as urban property, and governed by Part III.

2. Other houses, shops and premises will be treated as Agricultural property in accordance with Part II, with the following special provisions :—

(*a*) The price of premises in villages treated as Agricultural property will be fixed according to a schedule prepared by the Valuation Board on the bases of area, locality and type of structure.

(*b*) The account of house property treated as agricultural land will be kept separately from the account of other land and it will be open to the Government of the Dominion concerned to refuse to give land in lieu of the amount standing to the credit of an owner on account of his house property.

## PART V.—1. GENERAL PROVISIONS.

**Movable Property.**

(1) Except in accordance with the terms of this Agreement, the evacuee's right in his movable property shall not be affected by reasons of his property in the Custodian.

(2) In the evacuee's absence, the duty of preserving his property and safeguarding his rights and interests therein shall be entrusted by the Government concerned to the Custodian of the province in which the property is situated.

(3) It shall be the duty of the Custodian to :

(*a*) take all possible precautions for the proper and safe keeping of evacuee movable property ;

(*b*) ensure that full compensation is recovered for movables requisitioned by the Provincial Government or their officers for a public purpose, which may include the rehabilitation of refugees or of the economic life of the Province ;

**Explanation.**

The term "requisitioning" includes taking over for purposes of the rehabilitation of refugees or the economic life of the Province.

(*c*) make arrangements for the disposal of such movables as cannot be preserved to the best advantage of the evacuee owner ;

(*d*) restore on application to the evacuee owners their movables and to give facilities to them to dispose of or remove the movables so restored ;

(*e*) on application by an evacuee owner, arrange for the disposal of his movables at the best possible price.

## 2. RIGHTS OF GOVERNMENT.

**1. Provincial Government.**

The Government of the Province in which evacuee movable property is situated shall have the right to acquire or requisition such movable property as it may need for a public purpose, which may include rehabilitation of refugees or the economic life of the Province, on payment of a fair compensation to be determined in accordance with the Sub-Section (6) of Section 4.

**2. Dominion Government.**

The Government of one Dominion shall have the right to prohibit or restrict the export of items of evacuee movable property which may be essential for the life of the community after giving motice to the other Dominion of their intention to do so.

## 3. PROCEDURE FOR ACQUISITION OR REQUISITION OR SALE

(1) A record will be kept of the goods acquired, requisitioned or sold by the Provincial Government or its officers, including the Custodian and officers subordinate to him. The record shall include separately for each evacuee owner an inventory of the items and quantities acquired, requisitioned or sold, the name and designation of the officers making the order and the price payable or paid.

(2) Reasonable facilities shall be given to evacuee owners and their representatives to inspect the entries concerning them in this record.

(3) The general procedure for preparation of inventories and fixation of prices shall be in accordance with the provisions of Section 4 of this Part.

(4) A nominal roll giving the name of each evacuee owner and the total amount due to him on account of goods acquired, requisitioned or sold, shall

be compiled and furnished every six months by the Custodian to the Auditor-General of his Dominion. The Inter-Dominion settlement will be made in the manner prescribed in Section 10 of Part III.

(5) Opportunity shall be given to evacuee owners or their authorised agents to bring to the notice of the Provincial Government or the Custodian concerned instances of :—

(*i*) deliberate misdescription of goods sold ;

(*ii*) gross undervaluation.

(6) The Custodian may effect the sale of evacuee movable property :—

(*i*) on application by the evacuee himself ;

(*ii*) after adequate notice (not less than a month) to the evacuee owner individually or to a general class of evacuee owners ;

N.B.—If in response to the notice the evacuee owner desires to make arrangements to dispose of his property himself or through his agent, the Custodian will normally accord permission to do so.

(*iii*) without notice, in cases in which, for reasons to be recorded in writing, he holds :

(*a*) the interest of the evacuee owner is best served by the sale, or

(*b*) the sale is necessitated by requirements of rehabilitation.

N.B.—The sale of movable property shall, as far as possible, be by auction, the evacuee owner or the representative of the Dominion to which he has evacuated will be given an opportunity to be present at the sale.

(7) Abandoned movables which cannot be assigned to any particular evacuee shall be disposed of according to the law for the time being in force for the disposal of unclaimed property.

4. **Procedure for preparation of inventories and valuation.**

Evacuee owners of movables, especially those forming assets of commercial or industrial undertakings, will be given the following facilities in respect of inventories and valuation :—

(1) Each Government will have the right to appoint representatives acceptable to the other Dominion in such local areas of the other Dominion as they deem fit. The rehabilitation authorities will inform these representatives whenever possession of a commercial or industrial undertaking is to be taken over by them, giving not less than a week's notice. The representatives will have the right to be present either personally or by an authorised agent at the time of the preparation of the inventory.

(2) If the owner wishes to be present either personally or by an authorised agent at the time of the preparation of the inventory,

his presence will not be objected to, provided that the preparation of the inventory shall not be delayed merely to ensuer his presence.

(3) After the preparation of the inventroy a date shall be fixed for the valuation of the property and the representative or owner or agent who has been present at the preparation of the inventory shall be informed of that date by the officer preparing the inventory. On the date fixed the representative of the Dominion, the owner or his agent shall have the right to be heard.

(4) Where an order of valuation has been passed by an authority subordinate to the Custodian and the order requires confirmation by the Custodian, the representative of the Dominion or the owner may signify his desire to be heard before the order is confirmed, and the Custodian will give him an opportunity to be so heard. The Custodian shall not pass an order of confirmation until 10 days have elapsed from the decision of the subordinate officer.

(5) Where an order of valuation has been passed by an authority subordinate to the Custodian himself, and the order does not require confimation by the Custodian the owner shall have the right to appeal to the Custodian within 10 days of the passing of the order by the subordinate officer. It shall not be necessary to give any notice to the representatives of the Dominion or the owner regarding the fixation of value by the subordinate authority.

(6) The rate of compensation will be on the basis of fair value, that is, the price which the property would fetch in the open market under the present conditions provided that no organised attempt is made to keep it low by forming a ring or syndicate, or by boycott or otherwise.

**5. Rights of Evacuees.**

(1) The evacuee owner shall have the right to apply for restoration of his movable property. This application shall be normally granted except in cases in which the property in question has been acquired or requisitioned by the Provincial Government or taken over by the Rehabilitation authorities.

(2) The evacuee shall have the right to apply to the Custodian requesting him to sell or dispose of his movable property in accordance with the procedure outlined in Sections 3 and 4.

(3) On restoration, the evacuee shall have the right to manage or dispose of his movable property by himself or through his agent, which term may include Liaison Officers appointed by the Dominion to which he has been compelled to migrate, in any manner he deems fit, including export to any destination in the other Dominion, subject to any export restrictions that may be imposed under Sub-Section (3) of Section 2 of this Part.

(4) The evacuee shall on application be given permission and facilities to inspect his movable held in the charge of the Custodian or persons claiming through him or any other person.

(5) Evacuee owners who before the evacuation were engaged in organised trades, such as timber, grain, cotton, sugar, iron and steel, non-ferrous metals, etc., shall have the right to form syndicates and to depute small representative committees on behalf of the owners to various localities to arrange for the restoration and, subject to the permission of the Custodian, for the disposal or management of the stock in trade belonging to the members of such syndicates.

6. **Responsibility of Governments.**

(1) The Provincial Government shall extend the fullest co-operation to the Inter-Dominion Agency set up for the disposal of evacuee movable property set up under Sub-Section 5 of this Section.

(2) The Provincial Government shall be responsible for taking all steps necessary to ensure the safety of the evacuee owners and their agents engaged in managing, disposing of or removing their movables.

(3) The Provincial Government shall also give to evacuee owners and their agents all possible assistance, including, wherever necessary, police protection, to dispose of their movables or to despatch them by rail or road to any destination in the other Dominion.

(4) The Dominion Governments shall also give all possible transport facilities, including provision of petrol on payment and grant, wherever necessary, of sufficiently high priority for transport by rail.

(5) The two Dominion Governments shall set up a Joint Government Agency for removal and disposal of movable evacuee property subject to availability of transport. The two Governments shall enjoy equal representation on this Agency. It will, subject to availability of transport and police protection, be the function of this Agency :

(*a*) to supervise the working of the agreed arrangements in regard to evacuee movable property and in particular, to assist evacuee owners in the expeditious disposal of their applications to the Custodian or their requests for help for police protection or special transport facilities ;

(*b*) to set up an organisation for facilitating movement by rail or road (This organisation will run its own trucks and secure special booking facilities and, whenever possible and necessary, run special goods trains for the movement of evacuee movable property) ;

(*c*) to receive complaints and arrange for the redress of grievances of evacuees in the disposal or transport of their movables.

(6) The Agency will pay particular attention to facilities being provided for the disposal, recovery, restoration and movement of :—

(*a*) goods lying pledged with banks ;

(*b*) goods lying at railway stations ;

(*c*) goods lying at docks ;

(*d*) parcels and money orders lying undelivered or unremitted at the post offices.

(7) The Agency will also pay special attention to assisting evacuee owners in the recovery and removal of movables and valuables buried underground.

**7. Special categories of movable property.**

(1) The previous sections of this Part will apply generally to all movable property.

(2) Without prejudice to this generality, both Dominions recognise that certain special categories or special articles may require special additional treatment and each Dominion will, if requested by the other Dominion, refer to the Inter-Dominions Secretariat Level Commission proposed in Section 1 of Part VII of this Scheme or, if necessary, to an *ad hoc* meeting, any case requiring such treatment.

(3) The following special additional treatment is hereby agreed upon in respect of the special categories hereinunder specified :—

(*a*) *House-hold goods.*

(*i*) The evacuee owner shall be given permission and facilities to remove all items of sentimental, literary and professional value and such personal effects as beddings, personal clothing, radio sets, gramophones, musical instruments, sewing machines, refrigerators, carpets and rugs etc.

(*ii*) Refugees at present residing in the houses vacated by evacuees will have the first claim for the purchase or hiring of all items which are not covered by (*a*) above, on payment of fair price.

(*iii*) A list of the items required by the refugees at present residing in the evacuee's house shall be prepared. This list shall so far as is possible be prepared in the presence of the evacuee or his authorised representative and as far as possible in the manner laid down in Section 4 of this Part.

(*iv*) For the items required by him, the refugee shall pay to the evacuee fair compensation calculated in accordance with the provisions of Sub-Section (6) of Section 4 of this Part.

(*v*) The evacuee shall be given permission and facilities to remove all items which are not required by the refugee or for which he is not prepared to pay or does not pay fair compensation.

(*vi*) Facilities will be made available to the evacuee or the representative of the Dominion to which he has evacuated, to represent to the Custodian cases of mis-appropriation of the evacuee's household goods.

(*b*) *Goods buried underground.*

(*i*) The evacuee owner wishing to recover buried valuables shall apply for facilities to the Liaison Officer of the Dominion to which he has evacuated.

(*ii*) It will be the duty of the Liaison Officer to arrange in consultation with the local Custodian and Police Officers for the search of buried valuables being conducted under conditions of secrecy and security.

(*iii*) Police protection will be provided by the local authorities.

(*iv*) Supervision of the arrangements in this connection will be a special responsibility of the Joint Inter-Dominion Agency set up under Sub-Section (5) of Section 6 of this Part.

(*c*) *Motor Vehicles.*

As as soon as possible after this agreement is concluded, the Governments concerned on both sides must implement the provisions of Sections 2 and 3, Sub-Sections (4), (5) and (6) of Section 5, and Section 6 of this Part in regard to acquisition, requisitioning, sale, valuation, payment of compensation and release of motor vehicles. If either Dominion considers any further special arrangements to be necessary, it shall without delay refer its proposals to the Inter-Dominions Secretariat Level Commission proposed in Section 1 of Part VII.

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**REDRAFT OF PART VI.**

REMITTANCE FACILITIES, CUSTOMS AND EXPORT AND IMPORT CONTROLS.

1. Remittances arising out of this agreement will be regulated according to the Payments Agreement between the two Dominions dated 30-6-48 or such agreement as may replace it.

2. Customs and import and export arrangements bewteen India and Western Pakistan will be governed by the agreement in Appendix A.

**REDRAFT OF APPENDIX A (PART VI).**

DRAFT AGREEMENT REGARDING CUSTOMS AND EXPORT AND IMPORT CONTROLS IN RESPECT OF EVACUEE PROPERTY AND GOVERNMENT STORES AND VEHICLES

1. It is agreed that goods which are allowed to be moved by evacuees from one Dominion to the other in pursuance of the arrangements arrived at

between the two Dominions shall be exempt from export an import trade regulations as well as from export and import duties. Such goods will cover the following :

(*i*) Goods carried in evacuee special trains ;

(*ii*) personal and household effects intended for personal and household use, including articles like motor cars, cycles, gramophones, radios and radiograms, electrical goods, musical instruments, sewing machines, type-writers, private libraries, professional instruments, apparatus and equipment, cattle and other animals, *jewellery*, currency notes, shares, bond, securities, and licensed arms and ammunition. This exemption will cover accompanied as well as unaccompanied goods, provided that such goods shall be covered by a permit granted by an authority to be designated in this behalf by each Dominion ;

(*iii*) goods carried by evacuees proceeding by motor convoys straight from district camps in one Dominion to the other. This exemption will also cover vehicles forming such convoys ; and

(*iv*) trade goods and merchandise including stock in trade belonging to an evacuee excluding gold and silver bullion, provided that they are covered by a permit granted by an authority to be designated in this behalf by each Dominion.

2. Evacuees travelling by evacuee special trains or road convoys should be made to declare whether they have with them any bullion. Searches should be restricted to suspicious cases and should be conducted by Customs officials only in the presence of a responsible officer.

3. It is agreed that military stores consigned by one Dominion Government to the other, or carried by the M.E.O. or vehicles under the command of the M.E.O. whether carrying such stores or not, shall be exempt from export and import trade regulations as well as from export and import trade duties if any, on production of a certificate from the Ministry of Defence of the Dominion from which they are being exported, or from an officer authorised by such Ministry in this behalf that they are such stores or vehicles.

4. It is agreed that all Government stores other than those covered by para. 3 above, *e.g.*, Railway and P. and T. stores, allocated to each of the two Dominions as a result of partition shall be exempt from export and import trade regulations as well as from export and import duties, if any, on production of a certificate from the Ministry concerned of the Dominion from which they are being exported, or from an officer authorised by such Ministry in this behalf that they are such stores. This exemption will also cover vehicles carrying such stores.

5. It is agreed that all vehicles crossing the border if covered by Movement Orders issued by the Joint M.E.O. shall be exempt from export and import trade regulations as well as from export and import duties. This exemption does not apply to the goods carried in such vehicles.

6. It is agreed that all vehicles used by officers of either Dominion in the discharge of their duties and crossing the border shall be exempt from ex-

port and import trade regulations as well as from export and import duties on production of a certificate from the High Commissioner or the Deputy High Commissioners of the Dominion to which the officer belongs, or from an officer authorised by them in this behalf that the vehicles is so employed.

7. Subject to the conditions specified in para. 2 above, it is agreed that the Customs authorities will conduct a search on the border only in cases where the import or export of goods is, under the aforesaid provisions, required to be covered by a certificate or a permit from an appropriate authority. No searches will however be undertaken in cases covered by paras. 3 and 4 above.

8. It is agreed that if, for any reason, any articles are detained by the Customs authorities, a receipt giving details of the articles detained shall be furnished by these authorities to the owner of the articles.

9. It is agreed that adequate publicity should be given to the arrangements in both Dominions and Machinery set up for receiving complaints of alleged violations and their investigation.

## PART VII.

### 1. Inter-Dominion Commission.

(1) A permanent Inter-Dominion Commission shall be set up at Secretariat level, which will meet at regular intervals, or according to the urgency of the work before it, in each Dominion in turn ;

(2) The functions of the Commission will, *inter alia*, included :—

(*a*) Review and supervision of the working of the agreed arrangements in regard to :—

(*i*) the administration, sale and transfer of evacuee property in both Dominions, and

(*ii*) the payment and remission of moneys etc. connected therewith.

(*b*) Consideration of matters other than important questions of policy, that may arise in regard to refugees and evacuees between the two Dominions.

(*c*) Consideration of other matters referred to it by the Government of either Dominion.

(3) The Commission shall consist of the Secretary of and one other officer of two Dominion Ministries dealing with Refugees, with the addition of such officers as it may be necessary to include for the purposes of any meeting.

### 2. Inter-Dominion Refugees and Evacuees Council.

In addition Inter-Dominion Refugees and Evacuees Council shall be set up, composed ordinarily of two Ministers each from India and Pakistan. This Council will meet whenever necessary to resolve matters on which the Inter-Dominion Commission is unable to agree or to consider questions of policy which require settlement at Ministerial Level.

# MINUTES OF THE INTER-DOMINION CONFERENCE HELD IN LAHORE ON JULY 22ND, 1948.

## ITEM 1 OF THE AGENDA

(1) The draft scheme for Inter-Dominion Evacuee Property Agreement prepared by the Joint Official Committee at Lahore (March 22nd to 25th 1948) was considered by the Conference, and the following decisions were reached :—

## PART I.—GENERAL

**I. Area to which applicable.**

(2) It was agreed that the areas should be extended to include in India, Ajmer-Merwara, Malerkotla State, the Matsya and Rajasthan Unions, Saurashtra, Jaipur State, Jodhpur State, and Western Districts of the United Provinces (which shall in any case include the districts of Saharanpur, Dehra Dun, Meerut and Muzaffarnagar). Pakistan was to forward a list of any further areas which they might wish to be included for India's consideration.

**II. General Principles.**

(3) The following new Sub-Section (4) should be added to Section 2 as follows :—

> "Throughout this agreement whatever has been laid down as applicable to any Province or to its Government shall be applicable to any States or to the Government of any such States as have acceded to either Dominion and are included in the area to which this agreement now becomes or hereafter becomes applicable."

(4) India said that evacuees had been moving from all parts of one Dominion to all parts of the other and in so far as India was concerned, they were prepared to extend the agreed area to cover the whole of both Dominions. Pakistan agreed to consider this proposal.

## PART II.—AGRICULTURAL PROPERTY.

(5) The main question to be decided in this part was whether the settlement should be as between the Governments of the two Dominions or as between individual evacuees. Pakistan were of the view that no definite decision could be taken on this point until more data were available. For this purpose special Revenue Officers were to be appointed by both Dominions. Copying of revenue records should start forthwith. A special Joint Committee should be set up to supervise and expedite the whole work.

(6) It was further agreed that with a view to ensuring more equitable management of evacuee properties and the early payment of rents due to evacuee owners during the interim period, an officer of the other Dominion should be associated with the Custodians of Evacuee Property of each Dominion.

## PART III.—URBAN IMMOVABLE PROPERTY.

(7) Here again the main question to be decided was whether the settlement of this type of property should be on a Governmental or an individual basis. India felt that it might be advantageous to pool for purposes of exchange on a Governmental basis all properties valued below a certain figure to be agreed upon between the two Dominions ; property above that value would be open to unrestricted private sale and exchange. With this end in view it would be necessary to collect more data in regard to urban property.

(8) Pakistan's view was that, while the suggestion might prove practicable, it certainly presented enormous difficulties and would probably take an unduly long period to put into operation.

(9) It was finally agreed that the Joint Urban Assessment Board contemplated in Section 7 of this part should be set up and its functions enlarged to include assessment of the value of property. It was further agreed that an officer of the other Dominion should be associated with the Custodians of Evacuee Property of each Dominion with a view to ensuring equitable management and early payment of rents due to evacuee owners. India suggested that pending a final settlement it might be advisable to allow freely exchanges of Urban Immovable Property. Pakistan agreed to consider this proposal.

## PART IV.—HOUSES AND SHOPS IN RURAL AREAS.

(10) It was decided that whatever decisions were finally taken in regard to Parts II and III should be made to apply to Part IV also, according to the category of property concerned.

## PART V.—MOVABLE PROPERTY.

(11) The proposals were accepted by both Dominions subject to the following modifications :—

The Joint Government Agency to be set up under Sub-Section (5) of Section 6 should deal with all matters and complaints arising out of the working of this part.

## PART VI.—CUSTOMS, EXPORT AND IMPORT CONTROLS.

(12) The proposals as contained in Pakistan's redraft of this part date 21st July, 1948, were accepted by both Dominions.

## PART VII.—INTER-DOMINION COMMISSION.

(13) The proposals as contained in the draft agreement were accepted.

## ITEM 2 OF THE AGENDA. TRUST PROPERTY.

(14) It was decid d to postpone consideration of this item.

## ITEM 3 OF THE AGENDA. DAMAGED URBAN IMMOVABLE PROPERTY.

(15) India was unable to accept Pakistan's proposals as they stood. They had no objection to demolitions or repairs necessary for ensuring safety, protecting health and the life but they could not agree to sales by the Custodians of Evacuee Property. Pakistan undertook to consider India's counter-proposals.

## ADDITIONAL ITEM 3-A. NOT ON THE AGENDA. INCOME-TAX ASSESSMENT

(16) There was at present an agreement between the two Dominions under which no *exp arte* assessment of income-tax could take place in the West Punjab until 31st July, 1948.

(17) In view of the postponement of Evacuee Property settlement it was suggested by India that the agreement should be further extended up to 31st December. 1948, and should include the N.W.F.P. and Sind.

(18) Pakistan agreed to extend the present date upto 31st August, 1948, and pointed out that its present scope already covered the N.W.F.P. Pakistan was not prepared to extend the agreement to Sind. They would, however, consider the definite proposals from India as contained in Appendix A.

(19) Pakistan stated that no sales against realization of income-tax had taken place either in the West Punjab or the N.W.F.P. so far and they undertook that no such sales would take place at least until 31st August, 1948, in any part of West Pakistan.

## ITEM 4 OF THE AGENDA. EXCHANGE OF PRISONERS

(20) The question of resuming the exchange of prisoners between the two Dominions which has stood suspended from the 27th April, 1948 was discussed. Pakistan handed over the following draft of what they desired in this connection :—

> "The exchange of Prisoners between the Dominion of Pakistan and the Dominion of India, which was suspended on the 27th April, will be resumed as soon as a satisfactory agreement has been arrived at with regard to Muslim prisoners of Delhi, whose families have migrated to Pakistan, on the same terms and under the same conditions as applied to the exchange of prisoners from East and West Punjab."

India undertook to consider this and send a reply as early as possible.

## ITEM 5 OF THE AGENDA. INDIA'S "PERMIT" SYSTEM.

(21) India explained their reasons for introducing a system of permits, but were prepared to consider its withdrawal if the two Dominions could evolve some system of regulating a two-way, as opposed to one-way, traffic. Pakistan was not satisfied that there was a case for introducing a permit

system nor for any form of traffic regulation in either direction and stated that in deference to public opinion they would be obliged to introduce a similar permit system in West Pakistan, which would have to be extended to cover also, movement between East and West Bengal, if India would not see their way to withdrawing their "permit" system forthwith.

| | |
|---|---|
| Sd. V.D. DANTYAGI | Sd. E.de.V. MOSS, |
| Joint Secretary, Ministry | Secretary, Ministry of |
| Without Portfolio, Government of India | Refugees, Government of Pakistan. |
| 23-7-48. | 23-7-48 |

## NOTE DATED 22-7-48 BY INDIA ON INCOME-TAX ASSESSMENT. APPENDIX A. REFERRED TO IN PARAGRAPH (18) OF THE MINUTES.

There is at present an agreement between the two Dominion Governments governing the East and West Punjab under which no *ex parte* assessment of Income Tax can take place. This agreement which expired on the 30th June, 1948, has been extended up to the 31st July, 1948.

We suggest that this agreement should be textended further up to 31st December, 1948, in regard to time and should be covered to include Sind and N.W.F.P. in addition to West Punjab.

Meanwhile the work of assessment can be done either by deputing Pakistan officials to the Indian Dominion and *vice versa* under the guard and protection of the Dominion concerned ; or notice in regard to all evacuees should be served on the High Commissioner of the Dominion concerned who should arrange for the defence of the case in consultation with the evacuee.

Once the assessment is made the Dominion to which the evacuee has gone may collect the Income Tax and remit it to the originating Dominion or intimate its inability to do so. In the latter event, or at the option of the assessee the origination Dominion will have the right to dispose of the evacuee's property in fulfilment of the Income Tax demand.

Pending consideration of this proposal we suggest that no sale of evacuee property should take place in either Dominion in fulfilment of the Income Tax demands.

## Record of a discussion held in the room of the Defence Secretary on Friday 10th December at 12-00 noon in regard to evacuee property.

The first point of difference between the representatives of India and Pakistan in the Evacuee Property Committee was the question of areas to which the scheme of evacuee property should apply. In the Secretariat level conference held in March 1948, the agreed areas were confined to Western Pakistan on the one hand and East Punjab, East Punjab States, the States of

Alwar, Bharatpur, and Bikaner in India. At the request of Pakistan, this area was extended, in the Minister level conference held on 22nd July, 1948, in India to include Ajmer-Merwara, Malerkotla State, the Matsya and Rajasthan Unions, Saurashtra, the States of Jaipur and Jodhpur, and the Western districts of United Provinces, which were in any case to include the districts of Saharanpur, Dehra Dun, Meerut and Muzaffarnagar. The Pakistan representatives stated that the Pakistan Government had not yet ratified the agreement to this area and that they would like to keep the matter open for the present.

2. At the meeting of July 22nd, the Pakistan representatives reserved to themselves the right to suggest any further area which they liked to be included in the property scheme. The India Government representatives were prepared to consider their proposals and to extend the agreed area to the whole of India and Pakistan if necessary. Pakistan representatives wished to keep this question also open for the present.

*Agricultural Property.*

3. The scheme submitted by the Secretariat level committee, which met on 22-25th March, 1948, envisaged both the Governments taking over the agricultural land left behind in either Dominion. The land was to be valued by a Joint Valuation Board to be set up for the purpose of valuing land on the basis of certain principles which were accepted by this Official Committee. At the conference of 22nd July, 1948, the Pakistan Government wished to collect more information before they could agree to this scheme.

Meanwhile the revenue records in both Dominions over the agreed area were to be copied and exchanged. To expedite this work, a special Joint Committee was to be set up. The Pakistan Government representatives stated that it is not possible to accept this Official Joint Committee for the present but there was no objection to both Governments proceeding with the valuation of the land left behind in their respective areas. It was pointed out by the Pakistan representatives that the principles accepted by the Joint Official Committee had yet to be formally accepted by their Government.

*Urban immovable property.*

4. The main hitches in this case were the question of agreed area and whether exchanges should be allowed in regard to urban immovable property. Here again a Joint Urban Assessment Board was contemplated by the Official Committee of the 22/25th March with a view to helping persons who could not exchange their property otherwise. The Pakistan Government representatives were of the opinion that a Joint Urban Assessment Board was impossible at present. While the Indian Government representatives were of the opinion that exchanges may be freely allowed in all cases, the Pakistan Government representatives were not prepared to give an answer till the question of agreed areas was settled.

*Movable property.*

5. The Official Committee of 22/25th March, 1948, contemplated a joint Government agency for the purpose of moving movable property from one

Dominion to the other, unless it was taken over or requisitioned by the Government concerned for the export thereof was forbidden under a general order of that Dominion. The Joint Agency was accepted by the Minister level conference of 22nd July, 1948. The Pakistan Government representatives stated that they could not receive at the moment a vast organisation like this agency, but that the two Deputy High Commissioners should meet together and work in effect as the joint agency for the purpose of facilitating the movement of such property. It was agreed that the High Commissioners will be suitably assisted by sanction of extra staff by the two Dominion Governments and that facilities including protection will be accorded by the Dominion in which that staff would be operating with a view to transferring movable property.

V. D. DANTYAGI,
Joint Secretary.
10-12-1948.

## RECOMMENDATIONS OF THE STEERING COMMITTEE.

The Evacuee Property Committee has submitted a report in which there is disagreement between the representatives of India and Pakistan on the following principal points :—

(1) Area to which the agreement would be applicable ;

(2) transfer and sale of agricultural property ;

(3) transfer and sale of urban immovable property ; and

(4) disposal or transfer of movable property.

The Steering Committee had a prolonged discussion with the representatives of the two Dominions and agreement was reached on Points No. 4. It was agreed that the two Deputy High Commissioners should work as a joint committee for facilitating the movement of movable property from one Dominion to the other.

With regard to the other points, the Pakistan delegation maintained that they were not in a position to express any opinion or proceed further with implementation until the agreement reached at the Minister level conference held on the 22nd July, 1948, at Lahore was ratified by their Government. Indian representatives on the other hand stated that they had all along proceeded on the assumption that there will be no question of the agreement being subject to any ratification. Having regard to the time that has elapsed since the Lahore Agreement was signed by the representatives of the two Governments, the Steering Committee would recommend to the Conference that where there were actual agreements in substance between the two Governments in Lahore they should stand and should be implemented. This is a matter to which considerable importance is attached by the private individuals whose property lies in one or the other Dominion. The Steering Committee would further recommend that the implementation on the points on which agreement had been reached should be completed with the utmost expedition.

Where at Lahore certain points were left over for further consideration, the Steering Committee would recommend that the two Governments should

make up their minds within a month and intimate their considered views on those points to each other. If a further conference is necessary to settle these points, it should be held within six weeks.

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INTER-DOMINION CONFERENCE, NEW DELHI
6TH—14TH DECEMBER, 1948.

**Record of Discussion of the Evacuee Property Committee with the Steering Committee on the 13th December, 1948.**

1. After discussion at the Conference it was agreed at the request of the Pakistan representatives who wished to have an opportunity for further consultation with their Government that the following points should be further discussed at an Inter-Dominion Conference at Ministerial level commencing on the 10th January, 1949 :—

(1) Extended areas as agreed to in para. 2 of the Minutes of the Conference of July 22nd.

(2) Further extension of areas as proposed in para. 4 of the Minutes of the Conference of July 22nd.

(3) Whether Pakistan agree that the settlement of agricultural property should be on a governmental level or consider that it should be as between individual evacuees (see para. 5 of the Mintues of the Conference of July 22nd and Part II of the draft agreement of March 22-25).

(4) Setting up of a Joint Urban Assessment Board (*vide* para. 9 of the Minutes of Inter-Dominion Conference of July 22nd and Para. 4(2) of Part III of the draft agreement of March 22-25).

(5) Whether Pakistan are prepared to agree to India's proposal that—

the settlement should be by unrestricted exchanges between individual evacuees in respect of all urban immovable property (*vide* last two sentences of para. 9 of Minutes of Conference of July 22nd).

2. It was agreed further by the Conference that the following items will be included in the agenda of the next Inter-Dominion Conference to be held at Karachi on the 10th of January 1949 :—

(*i*) Consideration of trust property *vide* para. 14 of the Conference of July 22nd.

(*ii*) Jagirs and Muafis *vide* page 11 para. D of record of discussions in Evacuee Property Committee of the Inter-Dominion Conference held on 6th-9th December.

3. The Conference agreed to make the following amendments to the Evacuee Property Committee's report :

(*i*) In para. 16, sub-para. 9 should be amended to read as follows :—

"Property of the assessee may be attached for the balance of the tax if any due, but shall not be sold in auction except with the consent of the assessee within one year after they are permitted to sell or exchange the properties."

(*ii*) Under B of "other subjects discussed", in the third sub-paragraph add the words "not later than the 15th January 1948" after the words "instructions should be issued".

(*iii*) In the first sub-para. of B of "other subjects discussed" for the words "payment agreement" substitute any agreements regarding exchange control.

(*iv*) At the end of B of "other subjects discussed" add—"*Teachers other than those included in B above* :— It was agreed that teachers other than those employed by Government and *quasi*-Government bodies will also be given the benefit of the arrangements agreed to in B above.

(*v*) The Conference decided that para. 16 of the report of the Evacuee Property Committee should for purposes of convenience of reference be added as an annexure to the draft scheme of the Secretariat level conference of March 22-25 and to the Minutes of the Inter-Dominion Conference of July 22nd.

9. The Conference agreed to make the following amendments to the Evacuee Property Committee's report:

(i) In para. 16, sub-para. 9 should be amended to read as follows:

"Property of the evacuee may be attached for the balance of the tax if any due, but shall not be sold in auction except with the consent of the evacuee within one year after they are permitted to sell or exchange the properties."

(ii) Under B of "Other subjects discussed", in the third sub-paragraph add the words "not later than the 15th January 1949" after the words "Banking laws should be eased".

(iii) In the first sub-para. of B of "Other subjects discussed" for the words "[illegible]" [illegible] regarding exchange control.

(iv) At the end of B of "Other subjects discussed" add—"[illegible] It was agreed that persons other than those employed by Government and quasi Government bodies will also be given the benefit of the arrangements agreed to in B above."

(v) The Conference decided that para. 16 of the report of the Evacuee Property Committee should for purposes of convenience of reference be added as an annexure to the draft scheme of the Secretariat level Conference of March 1949 and to the Minutes of the Inter-Dominion Conference of July 1948.

## Appendix VII

REPORT OF THE COMMITTEE ON [illegible]

# Inter-Dominion Conference at New Delhi.

December 6th to 14th, 1948

## Appendix VII

REPORT OF THE COMMITTEE ON PROGRESS IN SETTLEMENT OF FINANCIAL MATTERS ARISING OUT OF THE PARTITION OF PROVINCES

## A.—BENGAL PARTITION

The Committee considered the (Appendix I) Report drawn up after discussion by the representatives of East Bengal and West Bengal. On the various points raised in the Report it was agreed as follows :—

(*a*) The debit balance on account of the undivided Government of Bengal on the books of the Reserve Bank which was provisionally cleared by equal payments by the two Governments should be taken as the liability of the undivided Government and shared in the general proportion fixed by the Arbitral Tribunal.

(*b*) The outstanding amounts due to the Central Government by the undivided Government of Bengal should be allocated between the two Provinces in the general ratio fixed by the Arbitral Tribunal and each Province will owe its share to its Central Government.

(*c*) The two Provinces should appoint actuaries to determine the capital value of the pensionary liability of undivided Bengal. Pending this valuation each Province should continue to pay the pensioners in accordance with the interim arrangements already entered into subject to final adjustment of the capital liability as determined. The basis and method of this eventual adjustment will have to be settled as part of the financial settlement between the two Provinces arising out of partition.

(*d*) In the case of deposits, each Province will continue to pay the liabilities arising in its area without prejudice to the eventual settlement between the two Provinces.

(*e*) The method of allocation of the amounts at the credit of the Post-war Services Reconstruction Fund should be examined by the two Governments and an early decidion reached.

2. In the course of discussion the question of how the net liability of one Province to the other which may arise out of the partition settlement should be liquidated was raised. It was decided that West Bengal which is likely to emerge the net debtor should consider and formulate proposals in this behalf at an early date.

3. It was agreed that the two Governments should use their good offices in securing an equitable distribution of the assets of the funds of non-official organisations other than charitable endowment which before the partition used to serve the undivided provinces.

4. The East Bengal representatives also raised the question of the interpretation of Section 8 (*ii*) (*a*) of the Indian Independence (R.P. & L.) Order, 1947, read with para. 16 of the Arbitral Tribunal's Award on Issue No. 2. It was suggested to East Bengal that this matter should be taken up by them with the Pakistan Government who had interpreted corresponding provision of the Order affecting Pakistan differently in respect of similar liabilities at the Centre.

It was represented on behalf of East Bengal that they were not concerned with what happened between the Dominion Governments. In their view the settlement between the two Provinces must be governed only by the Award, in cases in which it has been sought and given by agreement between the Provinces themselves and in this case the Award was clear and specific and should be adhered to and implemented by both the parties.

5. The East Bengal representatvies also raised the question of the division of the securities held by the Reserve Bank on behalf of undivided Bengal. The West Bengal Government were asked to examine the matter and inform East Bengal Government.

6. It was agreed that the various outstanding points mentioned in the note of the representatives of the two Governments and the above note should be settled as early as possible and in any case not later than a period of three months.

*Stores record etc.* :

7. As regards the flat RUNDEL, S.T. CHITPORE and two coal barges and three mud barges with their tools, plant and stores (being component parts of the Dredger BURDWAN), D.Tug 113 etc. belonging to the Irrigation Department of undivided Bengal, the Chief Engineers of East and West Bengal should meet and take steps for effecting exchange on the lines already agreed upon.

As regards police arms and ammunition claimed by either Province from the other, the Inspectors-General should meet and try to come to an agreement, failing which they should report the facts to their respective Governments.

As regards arms, ammunition, animals, library and other stores of Sarda Police Training College, West Bengal requested that if there be a surplus over present requirements of East Bengal of any item that should be supplied in kind by East Bengal to West Bengal East. Bengal stated that there could be no question of the physical division of any of the assets of the Police Training College. They admitted that financial adjustment would be , however, necessary.

As regards bulbs, sheds and other equipment of the Electrical Division of undivided Bengal, the Provinces should check up and see if West Bengal has made over such stocks as are due to East Bengal, failing which early steps should be taken to supply the remaining bulbs etc.

As regards Nissen huts, West Bengal should supply to East Bengal materials for 21 such serviceable huts, the materials being, as far as possible, similar in condition and completeness to those which remained in West Bengal when the partition took place.

As regards historical records of the Government of undivided Bengal, two representatives from the two Governments of East and West Bengal should meet before the 15th January 1949 and make their agreed recommendations. If they fail to come to an agreement, they should tender their advice to East

and West Bengal who should then meet before the 15th February and try to come to an agreement.

As regards furniture, it was agreed that these should be supplied by West Bengal to East Bengal expeditiously.

As regards equipment of the Record Room of undivided Bengal, East Bengal should supply the detail wanted by West Bengal on receipt of which arrangements should be made to deliver such of these to East Bengal as are due to that Province.

As regards books of reference, the decision of the Separation Council should be implemented early by West Bengal.

As regards the share of the common records of the divided districts of Nadia claimed by East Bengal and the share of the divided districts of Dinajpur and Jessore claimed by West Bengal, the West Bengal representatives stated that orders have already been issued by West Bengal for the return of the records of Nadia. The East Bengal representatives said that they would check up and see that West Bengal gets her share of the records of the divided districts.

As regards the motor launch MARIE of the Excise Central Detective Department claimed by West Bengal as allotted to that Province by the Assets and Liabilities Committee of the Separation Council, the East Bengal representatives agreed to look into the matter and ensure a decision by the 15th of January, 1949.

As regards one of the Forest launches still claimed as due by West Bengal from East Bengal, the representatives of East Bengal agreed to settle the matter by 31st January, 1949 in consultation with the representatives of the Government of West Bengal.

As regards the fittings, accessories and other essential stores of M.L. RESCUE of the Forest Department which are stated to have been retained before the return of the launch to West Bengal, the representatives of East Bengal agreed to look into the complaints and return the fittings etc. to West Bengal, so far as the allegations are found correct.

As regards the Police Harbour Defence motor launch 1104 and jeep BLB 7093 claimed by West Bengal as due from East Bengal, the representatives of East Bengal promised to look into these cases and return these to the Government of West Bengal not later than 31st January 1949.

As regards the Prime Mover at Jalpaiguri on account of the W. and B. Department Workshop, the Pakistan representative said that his claim was on the strength of a sub-committee's decision and promised to send a copy of that to the West Bengal Government as early as possible, and the West Bengal undertook to intimate their views to the East Bengal within a fortnight of the receipt of the above mentioned communication.

## B.—PUNJAB PARTITION.

8. The Committee considered the report (Appendix 2) prepared by the representatives of the East Punjab and West Punjab.

9. As regards the payment of outstanding claims relating to the pre-partition period the following decisions were reached :—

10. It was agreed that the joint committee consisting of two representatives of each of the Governments of East and West Punjab to examine outstanding claims of third parties against undivided Punjab for supplies and services made before the 15th August, 1947, should be immediately set up. It was also agreed that after this Committee have passed the claims, payments should be made by the two Governments in respect of claims arising within their area, and that these payments should be currently shared in the ratio fixed by the Arbitral Tribunal, namely 60% for West Punjab and 40% for East Punjab. The Committee will be set up before the 1st of January 1949 and all claims will be examined and sanctioned for payment within a period of six months, *i.e.* by 30th June, 1949.

11. It was also agreed that the expenditure, other than that referred to in para. 1 above, relating to the period before the 15th August, 1947, but paid up to and including the 31st March, 1948, in either Province should, after necessary scrutiny, be shared between the East and West Punjab in the prescribed ratio, and that expenditure relating to the period before the 15th August, 1947, but paid after the 31st March, 1948, be finally adjusted against the balances of the Province making the payment. Arrears of pensions relating to the pre-partition period will, however, be finally borne by the Province in whose list the pensioners concerned are included.

12. It was also agreed that each Province should finally retain to itself whatever arrears of revenue pertaining to prepartition period it may collect after the 15th August, 1947.

13. The East Punjab representative raised the question of the return of the Securities held by the Provincial Co-operative Bank on behalf of the Co-operative Societies now located in East Punjab as also the funds and deposits in Co-operative Institutions in either Province. It was agreed that these questions should be considered at the meeting to be held in Lahore towards the end of this month to consider banking and allied problems.

14. The East Punjab representatives also raised the question of the refund of the Provident Fund Deposits and gratuities of former employees of the Punjab University, the Lahore Public Library and similar non-Government institutions. In the case of the Punjab University, it was pointed out that the arrangements made at the conference held on the 22nd to 24th November in respect of the payment of Provident Funds and local funds would apply. In the case of the Provident Funds of the Punjab Public Library and similar institutions, it was agreed that the West Punjab Government should use their good offices to secure an early settlement of the claims.

15. The West Punjab representatives handed two notes, one (to the East Punjab Government and to the Government of India) relating to security deposits pledged to the West Punjab Government and forwarded to the Reserve Bank for re-enfacement on Pakistan, and the other (to the Government of India) dealing with certain securities said to be held by the Deputy Accountant-General Posts, and Telegraphs, Calcutta, on behalf of the Aitchison College, Lahore. It was agreed that the Government of East Punjab and the Government of India should look into the matter and reach an early decision.

16. The West Punjab representatives also handed a note regarding the short supply of water from the Bari Doab Canal system to certain West Punjab distributaries. The East Punjab representative promised to have the matter looked into expeditiously, in consultation with the Chief Engineer of his Province.

17. The Committee agreed that the Provincial Governments should expedite the appointment of actuaries to evaluate the pension liabilities and meantime the existing arrangements for the payment of pensions by the two Provinces should continue.

18. It was also agreed that the Implementation Committee and other Committees dealing with partition matters should be convened as early as possible and all the outstanding work in connection with the partition should be completed by the 30th June, 1949.

19. The representatives of West Punjab raised the question of the transfer of two Electrical Generators ordered by undivided Punjab and now held by the Electrical Commissioner with the Government of India. They contended that these two generators had been ordered for Lahore and should be made over to them. The East Punjab representatives contended that these two generators had been ordered for balancing the equipment for the Distribution System of the Mandi Project, and should, therefore, be retained by East Punjab. They also mentioned that the matter had been referred to the Partition Council for a decision.

The Steering Committee recommend that an *ad hoc* decision should be taken and propose that the two Provinces should take one generator each. They consider that this settlement would be fair to the two Provinces.

### C.—ASSAM PARTITION.

20. The Committee could not consider the latest position, in regard to the settlement of partition matters between Assam and East Bengal as the representatives of the two Governments had not come with the necessary papers. It is agreed that the two Governments should meet at an early date and submit to the two Dominion Governments wihin a month's time a report of the steps being taken by them to expedite a final settlement.

## APPENDIX VII A

### NOTE ON THE BENGAL PARTITION ITEMS.

An exposition of the financial results accruing from the implementation of the Award of the Arbitral Tribunal was given by a representative of East Bengal. According to his version the total assets of Bengal were of the value of Rs. 47,20,30,22 out of which the share of East Bengal and West Bengal worked out to Rs. 30,54,51,240 and Rs. 16,65,79,522 respectively. This included the assets of a few Departments regarding which specific agreement had not been reached but as the valuation was based on Book Values there was little fear of a serious dispute. The two provinces had taken possession fo the assets of the following value :

| | |
|---|---|
| East Bengal : | 15,49,50,306 |
| West Bengal : | 31,70,80,522 |

It will thus be seen that West Bengal had taken over assets in excess of her share to the extent of Rs. 15,05,00,934 which amount was due from her to East Bengal.

2. As regards liabilities it was stated on behalf of East Bengal that the Arbitral Tribunal took as the basis of the Award the statement of liabilities included in the case of East Bengal submitted to the Tribunal. Except Pensions for which a ratio of 47.83 (East Bengal) and 52.17 (West Bengal) had been determined, the other liabilities were to be shared in the general ratio. Mr. Said Hasan read out the list of liabilities which he had taken into account in arriving at the figures. Mr. Das Gupta said that he was not in a position to go into detailed figures but an obvious omission was the sum of approximately Rs. 514 lakhs representing the overdraft on the Reserve Bank against Bengal and cleared in equal moiety by the two provinces. This omission, it was stated on behalf of East Bengal, was deliberate. The Committee for the Implementation of the Award had, after discussion, decided not to consider it as a divisible liability because the Arbitral Tribunal had not treated this sum as an outstanding liability requiring adjustment between the two Governments. It was argued by Mr. Das Gupta that the Implementation Committee was not empowered to take final decision without the orders of Government and that if Mr. Rajagopal, the representative of West Bengal on the Committee, had made an omission it should be rectified. He also stated that Mr. P. N. Rajagopal had not agreed to the amount being dropped, but only no mention had been made of the item. The representatives of East Bengal averred that the Application Committee, of which the Committee for the Implementation of the Award was a part had full powers to come to decisions on behalf of the Governments which they represented and only when the Committee made a recommendation to Government instead of coming to a decision itself, was it necessary that the Separation Council should decide a matter. This Committee had dealt with all the liabilities and given its decision. It had disregarded the amount paid to the Reserve Bank because it had not considered the amount to be an outstanding liability needing an adjustment. Mr. Das Gupta argued that the Application Committee had not yet concluded its work so it cannot be said that it had disregarded the amount and the full picture is not yet before us and many things are still to be worked out by the Committee.

3. Mr. Rangachari then raised the question of the loan from the Centre. He averred that while it had been agreed that the amounts due from Pakistan Provinces to the Government of (undivided) India would be payable to the Pakistan Government, it (the decision) did not contemplate that East Bengal should recover in cash from West Bengal the latter's share in these loans. The question of the adjustment of the share of West Bengal in the loans owed to the Central Government by Bengal would need separate consideration.

4. As regards Pensions, it was stated on behalf of East Bengal that as for as the existing pensions were concerned that Province had undertaken to pay all pensions registered for payment in Pakistan and U.K. These amounted to Rs. 38,71,776 per year in East Bengal and Rs. 26 lakhs (according to the Budget of 1946-47) in U.K., *i.e.* a total of about Rs. 65 lakhs a year. The Budget of 1946-47 showed total expenditure of Rs. 119 lakhs on pensions out of which East Bengal's share would be approximately Rs. 57 lakhs. This showed that East Bengal was paying Rs. 8 lakhs per year in excess of her share. It was further argued on behalf of East Bengal that according to the Indian Independence (R. P. and L.) Order, the liability for the payment of all pensions

devolved on East Bengal and they were entitled to recover immediately 52.17% of the Capitalised Value of Pensions. Mr. Das Gupta said that East Bengal was not paying all the pensions of undivided Bengal and she must, therefore, in terms of the Award and West Bengal must therefore in terms of the Award be given credit for the capitalised value of all such pensions which were being paid by her (West Bengal) as East Bengal also must get credit for the capitalised value of pensions which were being paid by her. According to the estimates of West Bengal both in respect of pensions in issue and accrued, large sums (Rs. 2 crores under each head) would be payable by East Bengal.

5. Mr. Das Gupta raised the question of contractual liabilities and argued that final settlement could not take place till these had been cleared. It was explained to him by Mr. Patel and others that these liabilities did not enter into Inter-Governmental Settlement and as payments were due to outsiders and were being made by East Bengal, who were entitled to recover 35.2% currently from West Bengal, these liabilities should be disregarded for the purpose of settlement. Mr. Das Gupta did not agree to this view as these were the liabilities of undivided Bengal as well as any other liability. West Bengal had agreed to pay Rs. 35 lakhs for every crore paid by East Bengal only with a view to assist East Bengal quickly to clear these liabilities. That did not, according to him mean that they should be taken out of the reckoning.

6. Discussion then proceeded to the adjustment of "Other" and "Miscellaneous" Deposits. It was stated on behalf of East Bengal that the responsibility for the payment of all deposits devolved on East Bengal and they were assuming this liability and were entitled to receive a contribution of 35.2% from West Bengal. Actually the same procedure should cover Provident Fund Deposits, though the Committee for the Implementation of the Award had recommended to the two Governments to come to a settlement by which each Province would receive credit for the accounts of the personnel who had opted to serve under it. This procedure would entitle West Bengal to receive a credit of about 2 crores from East Bengal on this account. In Assam the members representing the Province in the Separation Council had insisted on adherence to the Indian Independence (R.P.L.) Order, 1947, in respect of Miscellaneous Deposits. East Bengal too wanted to adhere to the provisions of the aforesaid Order and it would not cause any particualr inconvenience. The relevant registers of Deposits would be transferred to East Bengal and all applications for refunds would be submitted to East Bengal for verification of amounts due and payments. Mr. Das Gupta pointed out that it was not clear what the "Other Deposits" were, as District Board, Municipal, Civil and Criminal Court Deposits, Education Fund etc. were being disregarded. In any case whatever the deposits were, each province was paying all those which were lying in its territory and each province should therefore get credit of what it was paying and a complete analysis of these deposits was therefore necessary.

It was appreciated that an analysis of all deposits would be a long and difficult task and that alone could render it possible to make a division of deposits now. It was mentioned that in the case of District Board and Municipal Deposits, Civil and Criminal Court Deposits, Education Fund, etc., it had been decided that each Government should pay the deposits pertaining to its territory without any adjustment. One of the possible methods of dealing with Miscellaneous Deposits would be to follow the agreement about Municipal and Court Deposits, *viz.*, each Government to make refunds in its area without adjustment. Representative of East Bengal stated that if adjustments are

to be made, the provision of the Independence (R. P. and L.) Order, 1947, should be adhered to.

7. The amounts due to the Post War Services Reconstruction Fund was next taken up. The total amount due to this Fund by the Government of Bengal was , according to Mr. Said Hasan, Rs. 65,60,573, which had to be contributed by the two Governments in the general ratio, according to the Award of the Tribunal. It was stated on behalf of East Bengal that the Fund had been divided by West Bengal itself and the share of East Bengal had been communicated by the Honorary Treasurer of Endowments of Bengal.

8. Finally the question of payment by West Bengal of the amount due by her to East Bengal was raised. The representative of Pakistan stated that except Pensions whose Capitalised Value had to be assessed, all other items of assets and liabilities had been valued and a Balance Sheet had been prepared. The Committee for the Implementation of the Award had agreed on the valuation of most assets and about the few remaining ones there was not likely to be any dispute as in all cases the Book Value had to be taken. The liabilities had been determined from the book of West Bengal. Nothing now remained except to decide on payment. As regards Pensions, East Bengal was paying more than her share and if adjustment of Capitalised value was to be made the provisions of Indian Independence (R.P. and L.) Ord r, 1947 had to be adhered to. In any case adjustment of Persions sould be left over and need not delay general settlement. Mr. Das Gupta said that until the final accounts of undivided. Bengal were issued, the capitalised value of pensions (in issue and accrued) were determined and the other figures yet unknown were worked out, no Balance Sheet could be drawn; and untilit was drawn the position would remain unknown and hence the question of payment by one Government to the other was premature. It was necessary that the Application Committee should work for some time more and Actuaries should be appointed in terms of the Award so that it could arrive at a Balance Sheet as soon as possible. It was not impossible that when the final Balance Sheet was prepared it would be found that West Bengal did not owe anything to East Bengal.

9. Mr. Said Hasan pointed out that the liabilities taken into account by the Arbitral Tribunal would not be affected by the annual accounts except Provident Fund, which accounts had already been written up to August 14, 1947.

## APPENDIX VII B

## NOTE ON THE PUNJAB PARTITION ITEMS.

### Contractors' Claims.

It was suggested by East Punjab representatives that the Committee consisting of two representatives each of East and West Punjab, as decided in the Partition Committee meeting held at Lahore on 26th May, 1948, should start work immediately. Both Governments will provide the Committee full facilities in regard to their work and the Committee should finish their work in respect of the contractors' claims, within a period of three months, if possible. All the prepartition claims of contractors that are admitted by the Committee should be paid forthwith by the Governments of West and East Punjab as the

case may be and adjustment carried out immediately in the accepted ratio of 60: 40. A progress report shall be submitted after three months to the two Dominion Governments so that a meeting may be called to discuss the position. All doubtful claims should be put up to the Punjab Partition Committee for decision.

The West Punjab representatives would accept the above view but suggest that the Partition Committee decision in this matter had been pulled out of its context in a shape in which it cannot be implemented unless a balance of the decisions relating to the other prepartition expenditure is also implemented. The question really relates to expenditure as such and not only to third party liabilities. As regards the third party liabilities, the fact is that the West Punjab Government is already meeting these third party liabilities on the usual departmental scrutiny and the only thing to which the West Punjab Government has not agreed to is to allow the East Punjab Government to interfere in these payments through the agency of the two officers whose appointment is suggested in the East Punjab views stated above. The West Punjab view that they cannot allow the East Punjab to let their officers interfere with their departmental working is based on the fact that the East Punjab Government is not willing to treat the whole expenditure as a liability adjustable between the two Punjabs and insists on isolating only one of the items of expenditure, namely, contractors' claims. West Punjab view further is that if the East Punjab Government can, as it thinks it should, agreed to the adjustment of the total expenditure, they will adopt the suggestion of the East Punjab made above and also agree to the two Accountants General being instructed to exchange net debits or credits at stated intervals, say of a month or two months, as may be convenient.

**Civil Supplies Contractors.**

2. It was suggested by East Punjab representatives that the Civil Supplies Sub-Committee consisting of Director-General Food and a Senior Accounts Officer of each province should meet and scrutinize the claims of civil supplies contractors. Such of the claims as are admitted should be paid forthwith by the Governments of East and West Punjab as the case may be. This work should be completed with in a period of three months whereafter a report shall be submitted to the Punjab Partition Committee for transmission to the Dominion Governments, if necessary. The Sub-Committee meetings should be held frequently at Lahore and, if it can be so arranged, at Amritsar and the settlement of these claims expedited.

The above view was acceptable to the representatives of the West Punjab Government.

3. It was suggested by representatives of East Punjab Government that the Inter-Dominion agreement relating to the transfer of the Government securities, certificates, bonds, debentures and shares of Joint Stock Companies and funds of Co-operative Socities, etc., should be referred to a Committee consisting of one Dominion representative from each side and two representatives each from East and West Punjab. They should meet immediately.

Messrs. Majid and Azhar do not know of the relevant decisions on these points and suggest that these matters should be raised in the Economic Committee of this Inter-Dominion Conference.

4. As regards the implementation of the Arbitral Tribunal awards, the representatives of East Punjab Government handed over a statement to West Punjab representatives showing the amounts as worked out departmentally which are owing to either of the two provinces. It was explained that this statement had not been thoroughly checked and was, therefore, subject to further scrutiny and correction. The representatives of West Punjab gave representatives of East Punjab another copy of the statement which they had furnished in August last. It was decided that the whole case should now be carefully scrutinized by the Implementation Committee at its next meeting and agreed figures worked out. It was also stressed that the meetings of the Implementation Committee should be held at least once a fortnight so as to finalize these figures at as early date as possible. If no final settlement is reached within a period of three months, the matter shall be referred to the Partition Committee and to the Dominion Governments for further action.

**Pensionary Liabilities.**

It was agreed that the final settlement between the two new provinces in respect of the pensionary liabilities of the old Punjab province cannot be arrived at till—

(*i*) lists are prepared by the Accountant-General, and

(*ii*) these lists are scrutinised by actuaries who have to give the capitalized figures. This work will obviously take considerable time. In the meanwhile pensioners are being paid in accordance with the standing agreement between the two Governments.

**Lahore Museum.**

6. It was suggested by representatives of East Punjab that the exhibits which had been separated and kept in a separate room by Mr. Gupta under instructions of the Arbitral Tribunal should now be handed over to East Punjab Government and that this should be done within a fortnight.

West Punjab Government representatives made it quite clear that they have no intention of holding back the exhibits which have fallen to the share of East Punjab but the work has to be postponed for sometime on account of the following reasons :—

(*i*) Some exhibits of this Museum were sent to India in connection with some exhibition or exhibitions and have to come back yet. These have fallen to the share of West Punjab.

(*ii*) The Dominions have not yet settled their disputes regarding the exchange of Museum exhibits, and

(*iii*) Feelings in West Punjab are rather strong on the subject of the Arbitral Tribunal Award in respect of the Museum exhibits and it is feared that if transfer of exhibits to East Punjab is unnecessarily hurried there may be ugly incidents at Lahore.

In these circumstances it is considered that the question of transfer of the exhibits to East Punjab should remain pending till the balance sheet of the

final settlement has been drawn up and India has returned the Pakistan articles to the Pakistan Museums.

**Historical Records.**

7. It was agreed that the East Punjab's share of the Historical Records, as determined by the Arbitral Tribunal's Award, shall be made available within a month or even earlier, if possible. The East Punjab Government will send their representative to Lahore and Mr. Majid suggested that one week's notice should be given by East Punjab Government before their representative visits Lahore to collect the East Punjab's share of the records. This was agreed to by East Punjab representatives.

8. It was agreed that other items of the Arbitral Tribunal's Award should be implemented within a period of one month. This applied to physical apportionment under the Awards. A report shall be submitted to the Dominion Governments after the position has been reviewed by the Partition Committee after one month.

9. The question of the Provident Fund accounts shall be considered by the Implementation Committee at its next meeting at which the Accountant-General, East Punjab, and the Deputy Accountant-General, West Punjab, who are members of the Implementation Committee shall be present. It was agreed that where balances were required of certain individuals who had retired or whose cases presented hardship otherwise for lack of this information their cases should, when specifically brought to the notice of the other Accountant-General concerned, be promptly attended to. It was agreed that as the Accountants-General had to act under their own Auditors General the matter should be brought to the notice of the two Dominion Governments for requesting the Auditors General to have the matter expedited.

10. The question of loans raised by undivided Punjab from the Central Government and the open market was left to be discussed in the next meeting of the Implementation Committee.

11. The question of the Provident Fund, etc., of Municipal and local body employees has already been under the consideration of the two Governments of East and West Punjab and it was agreed that the preparation of the statements should be expedited and the matter taken up by the Implementation Committee in their next meeting.

12. It was suggested by the representatives of East Punjab that the Government of West Punjab should help the non-Muslim employees of the Punjab University and of the Punjab Public Library to get back their Provident Funds and gratuities which are still lying with the Punjab University or the Punjab Public Library. M/s. Majid and Azhar stated that this was not a matter with which they were concerned, but they had heard that this matter was discussed some days ago at the Inter-Dominion Secretariat Level Conference and that any decision arrived at that meeting would naturally be implemented by those concerned.

13. It was agreed that the questions relating to litigants' deposits in Courts and other cases pending in the Provinces, the return of Deposits and

valuables lying in Treasuries and Malkhanas, and securities deposited by newspapers with Districts shall be taken up at the next meeting of the Implementation Committee.

14. It was agreed that the Punjab Partition Committee meetings should be held once a month and that these should be preceded by meetings of the Implementation Committee which, as already stated should be held once a fortnight so that all decisions of the Punjab Partition Committee and Arbitral Tribunal's Awards can be implemented.

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INTER-DOMINION CONFERENCE AT NEW DELHI
(December 6 to December 14, 1948).

## APPENDIX VIII

### REPORT OF THE COMMITTEE ON STORES

**Railway Stores.**

During the discussion the following points were made by the Pakistan representatives:—

(1) *Supply of imprest stores from E. I. to E. B. Railway.*

Under the arrangements made for mutual assistance at the time of partitioning, the E. B. Railway were to recieve 4 wagon loads of imprest stores per month from the E. I. Railway. From September, 1947 to March, 1948, only 12 wagons were supplied. No supplies of such stores have been received since then.

(2) *Delivery against pre-partition purchase orders to Pakistan Railways:—*

(*a*) Before partition, orders were placed by the Railway Board (India) n Australia for the manufacture and delivery of 222 I. R. S. broad gauge coaching stock underframes. 12 underframes were recieved in 1947, and the old N. W. Railway received 4 out of these. Two underframes out of these were utilised for the manufacture of two coaches for the "Silver Arrow" train, which are still with the Government of India. Since then, the remaining 210 underframes have been received in India from Australia, but the N. W. Railway has not received its share of 41 underframes more out of this lot. These are required urgently and should be supplied as soon as possible.

(*b*) *All-Steel broad gauge coach body shells.*

250 all-steel broad gauge body shells were ordered for the N. W. Railway and E. I. Railway from the Wagon Manufacturing Panel, Calcutta. 120 shells were earmarked for the old N. W. Railway. On the

basis of 63: 37, as between the N. W. and the E. P. Railway, 76 shells are due to be supplied to the N. W. Railway. It is requested that these be supplied as soon as manufactured. Pakistan has offered to pay 90% of the cost on despatch and 10% on receipt.

(3) *Proposed monthly Operational meetings between the N. W. Railway and E. P. Railway.*

As the Inter-Dominion Conference held at Calcutta in April, 1948, the following was recorded:—

"The Committee consider that it is a matter of paramount importance that there should be liaison between the officers of the two Dominions at all levels for ensuring close co-ordination and freedom from harassment and delays of every kind".

No such meeting between the N. W. Railway and E. P. Railway has yet taken place, although the former has been reminding the latter about this. Pakistan's view is that, were such meetings held monthly, many of the outstanding problems in regard to movement of stores would have been settled.

(4) *Exchange of coaching stock between the N. W. and E. P. Railways*:—

As the result of the coaching stock census held in March, 1948, it was found that 763 N.W. coaches were with the E.P., and 557 E.P. coaches on the N.W.

At a meeting held on 16-6-48 at Lahore, between the representatives of the Railway Division and N.W. Railway on the one hand, and Railway Board (India) and the E. P. Railway on the other, it was agreed that the exchange of coaching stock should take place by the E. P. Railway sending the first lot of 25 coaches to the N. W. and the latter sending 12 coaches in exchange. Thereafter, the E. P. Railway was to send every week 22 bogies, and N.W. 11. Only two exchanges have so far taken place, and the remaining coaches still remain to be exchanged. It is urged that this exchange should be expedited.

(5) *Finalisation of the distribution of the old B. A. Railway goods stock and flotilla.*

(a) In accordance with the division of rolling stock done on the National Boundary basis, 6033 broad gauge wagons were to be given to the E. B. Railway. Later, according to the Radcliffe Award, about 200 wagons were to be transferred to India by the E. B. Railway according to that railway's calculation. This has not been done so far. According to some order of the Railway Board (India) which has been reported by the D.W.I. to the E B. Railway, 2950, and not about 200, wagons are to be transferred to India. The D.W.I. is now working to an interchange debit against E.B. Railway minus 2950 wagons. In consequence, there is a serious shortage of broad gauge wagons at transhipment points on the E.B. Railway, thus affecting the movement of jute, etc., to Calcutta.

The finalisation of the division of goods stock of the B.A. Railway should be expedited.

(b) There is a difference of opinion about the interpretation of the agreed decision regarding the division of the flotilla. This should be settled soon.

2. The points made by India were :—

(1) Between February, 1948, and October, 1948, a number of coaches, totalling 51, have been detached from trains and have been retained on the E.B. Railway. The rolling stock belongs to the Assam Railway and has been detached while on the E.B. Railway. This has resulted in a serious shortage of coaching stock on the Assam Railway.

(2) A number of metre gauge coaches, actually 330 units, in terms of 4-wheelers, allocated to India, which were worked into Saidpur Shops for purposes of periodical overhaul, have been repaired and are still in the possession of the E. B. Railway and have not been returned to the Assam Railway.

(3) A 4-cylinder Diesel engine was sent to Pahartali for repairs before partition. The E. B. Railway have not yet returned the engine to the Assam Railway.

(4) At the time of partition, it was decided that the following quantities of foodgrains in the Reserve Depot at Lahore were to be transferred to India :—

| | |
|---|---|
| Wheat | 33683 maunds. |
| Rice | 3839 ,, |
| Sugar | 2986 ,, |

of this amount, only 6636 maunds of wheat have been given to the E. P. Railway.

(5) Loco and Carriage and Wagon duplicates were to be supplied for running maintenance of rolling stock from Moghalpura (N. W.) to the E. P. Railway. The Ministry of Communications (Pakistan) instructed the N. W. Railway to send 25 per cent of stock on hand of all items, subject to a maximum of 3 months' requirements of the E. P. Railway. A token supply of 18 wagons was made during January and February, 1948, and since then no further material has been received.

(6) In the case of certain locomotives sent to Moghalpura for p. o. h., it has been reported that some which have had repairs carried out, have been returned with condemned-size tyres, the originals having been removed.

(7) The division of permanent way and bridge materials, though decided at the time of partition, has not been effected by either Dominion, though it was agreed at the meeting held in April, 1948, between the Railway Board

and the D. G. Railways (Pakistan) that special endeavours would be made to move such materials without waiting for each other.

*General Stores* :

(8) In regard to the actual supply of partition stores to be made in accordance with the agreement reached by the Stores Balancing Committee, nearly 400 wagons of general stores are due to India from N W. Railway. The N. W. Railway has, however, put forward the plea that no movement of stores can be made unless ground balances are first verified. At the meeting in April 1948 between the Railway Board and the D. G. Railways (Pakistan) the latter undertook to obtain further instructions from his Government on this point. Nothing has so far been done.

(9) There are a number of tools and plant and miscellaneous equipment items which fall to the E. P. Railway's share, such as motor trolleys, ticket printing machines, motor lorries, trailer pumps, lathes and drilling machines, and photo copying machines, which have not yet been handed over by the N. W. Railway.

(10) The N. W. Railway have not agreed to part with the Governor-General's saloons until a decision has been reached on the Government of India and Railway Board saloons.

(11) Regarding finalising the division of B. A. Railway Rolling Stock, it was mentioned that, for some months past, attempts had been made by the Railway Board to get the Pakistan Government to arrange a meeting of the Sub-Committee of the Partition Council. Difficulties from the Pakistan side had so far prevented such a meeting being called.

3. It was agreed that a Sub-Committee should be appointed with the following terms of reference:—

(a) To examine and finalise the division of stores including rolling stock and flotilla wherever this remains in question or undecided;

(b) To set up a machinery for implementing decisions reached and to give effect to the transfer of Stores as between one Dominion and the other.

This Committee will be composed of the following :—

| **Pakistan** | **India** |
|---|---|
| 1. Mr. Nizam-ud-din. | 1. Mr. I. S. Puri. |
| 2. Mr. Shoab (or in his absence Mr. Mushtaq Ahmad). | 2. Mr. V.P. Bhandarkar. |
| 3. Mr. Suhrawardy. | 3. Mr. V. Nilakantan. |

It should meet on the 20th of December and complete its work as early as possible.

It might be advisable to make this Committee responsible also for completing the work of the Railway Sub-Committee of Expert Committee No. II. India is prepared to do so and Pakistan has undertaken to examine this proposal.

4. Mention was made by India's representatives that India's proposals in regard to the regulations governing Inter-Dominion traffic, in supersession of the existing I. R. C. A. regulations, had been sent to the Pakistan Government some time ago, and it was suggested that the Pakistan Government should reach a final decision early on this important matter.

5. It was agreed that the Pakistan Railways should arrange to take delivery in India of 15 underframes on payment of full cost and also arrange the shipping. The E. I. R. will assist in transporting the underframes to the docks.

6. India mentioned the delay in the payment of the net amount due to India by the Pakistan Railways. It was agreed that the D. G. Pakistan Railways should go into the matter and expedite the payments. It was also agreed that the two Railway administrations should take steps to secure that Inter-Dominion traffic is promptly brought to account and cleared.

**P. & T. Stores.**

7. The meeting of the Stores Committee of Inter-Dominion Conference was held at 3.00 p.m. on the 6th December, 1948, under the chairmanship of Mr. H. M. Patel, Secretary, Ministry of Defence, and it was decided that as regards the P. & T. Stores, Mr. S. A. Majeed, D. G., P. & T. Pakistan, will discuss the matter with Mr. B. R. Batra, Chief Engineer, Indian P. & T. and Mr. Saroj K. Kanjilal of the Indian P. & T.

8. The officers met at 10-30 a.m. in the room of the Chief Engineer, Indian P. & T. on the 7th December, 1948, and decided that the division and the issue of the P. & T. Stores will continue on the basis of 14.9 per cent as done at present subject to review of this percentage by Pakistan and India who may modify it, if mutually agreed. For this purpose, Pakistan will depute an Officer to India this month.

As regards the total valuation of stores as reported by the Chief Accounts Officer, Indian P. & T., these figures will be verified with him by the Accounts Officer to be deputed by Pakistan. Prior notice of 14 days will be given by Pakistan before deputing that Officer.

As regards the stores which India is claiming from Pakistan, Mr. Majeed stated that they will issue as soon as an Officer is sent by India for this purpose. Pakistan will afford facilities for export and transport as provided by India in respect of the transfer of Pakistan's share from India.

The stores of Indian share lying at Peshawar will be brought in by Pakistan to Lahore for delivery to India and the freight and handling charges will be debited to India. Similarly, stores in Pakistan's share at Jubbulpore

will be brought in to Bombay by India for delivery to Pakistan and the freight and handling charges from Jubbulpore to Bombay debited to Pakistan.

As regards the workshops production, the Pakistan's representative stated that they had already sent their indents to India. The quantities of raw materials required for the manufacture of those stores may be retained. It was, therefore, agreed that the indents will be complied with on these conditions subject to the proviso that those items which are not manufactured in the Indian P. & T. Workshops will not be supplied.

It was agreed that all stores due to either Dominions will be issued by the 28th February, 1949 except the workshop production which will be issued as it becomes available. The issue of stores implies that the actual handing over of the respective shares of P. & T. stores to the Dominion Representatives concerned at Calcutta, Bombay and Lahore would be completed by the 28th February, 1949.

Disposal of the surplus stores held by the P. & T. Department on the date of the partition on behalf of Defence Services will be regulated by the general arrangements for the disposal of Defence Surpluses.

**Defence Stores.**

9. It was agreed that Pakistan will pay to India immediately for all the H. M. G. stores and installations located in Pakistan on the 15th August 1947 and for all stores received by Pakistan after 15-8-1947 and upto 30-6-1948. For stores received after 30-6-48, payment will be made in accordance with the Karachi Agreement.

10. Regarding the basis on which the division of the stores took place between India and Pakistan, it was pointed out by India that the division took place on a formula which was accepted by Mr. Mohammad Ali on behalf of Pakistan and by Mr. Patel on behalf of India, and that if the question was re-opened, apart from its going back on a formula which had already been accepted there will be practical difficulties which will hold up the transfer of stores to Pakistan. On behalf of Pakistan it was stated that the Stores Committee of the Inter-Dominion Minister's Conference could not deal with the matter because they were not in possession of all the papers and were also handicapped by the fact that the F. A. M. F. of Pakistan was ill in hospital and could not come to Delhi in the Conference, but that the matter could be straightened out in the next meeting of the Inter-Dominion Defence Secretary's Committee or in a special Inter-Dominion meeting called for this purpose.

[illegible] in [illegible] Bombay [illegible] India [illegible] deliveries to Pakistan and the [illegible] in Lahore to Bombay [illegible] Delhi to [illegible].

As regards the workshops production, the Pakistan's representative [illegible] India. The quantities of [illegible] required for the [illegible] Pakistan [illegible] will be complied with [illegible] which are not manufactured [illegible] Workshops will not be supplied.

It was agreed that [illegible] stores due to other Dominions will be issued [illegible] production which will be [illegible] available. [illegible] mean that the [illegible] of the respective share [illegible] Calcutta, Bombay and Lahore would be completed by the 28th February, 1948.

[illegible] the P. & T. Department on the [illegible] Services will be required by the [illegible] arrangements for the [illegible] supplies.

**Defence Stores.**

10. It was agreed that Pakistan will pay to India immediately [illegible] M. G. stores and [illegible] located in Pakistan on the 15th [illegible] 1947, and [illegible] received by Pakistan after 15-8-1947 and [illegible] stores received after [illegible] payment will be [illegible] in accordance with the [illegible] Agreement.

11. Regarding the basis on which the division of the stores took place between India and Pakistan, it was pointed out by India that the [illegible] a formula which was accepted by Mr. Mohammad [illegible] of Pakistan [illegible] on behalf of India, and that if the [illegible] was reopened, [illegible] back on a formula which had been [illegible] there will be practical difficulties which will hold up the [illegible] to Pakistan. [illegible] it was stated that [illegible] Committee of the [illegible] Conference could [illegible] with the matter [illegible] were not in possession of all the [illegible] and [illegible] by the fact that the [illegible] which [illegible] could not come to Delhi for the Conference [illegible] that the matter could be straightened out in the next meeting of the [illegible] Committee or at a special meeting [illegible] called for this purpose.

# Inter-Dominion Conference at New Delhi

December 6—14, 1948

## Appendix IX

REPORT OF THE COMMITTEE ON INSURANCE MATTERS.

# PRESENT

*For Pakistan.*

1. Mr. Abdul Qadir
2. Mr. M. M. Junaid

*For India.*

1. Mr. Ranganathan
2. Mr. Ansari

At the outset it was agreed that the discussions to be useful should not be confined to a very narrow sphere that a literal construction of the terms of reference may indicate and that the discussions should really cover the ground still open after the discussions at Karachi in April 1948 and the subsequent correspondence.

2. The Pakistan representatives urged that it would be a great hardship to policyholders if their policies were allowed to lapse strictly in accordance with the policy conditions because (primarily) of the inability of the policyholders to make regular payments of premia. They suggested that time must be given by the Insurance Companies up till end of December 1949.

After discussion it was agreed that the Companies should be requested to revive policies that would otherwise lapse, till the end of December 1949, provided, in cases where it would be necessary, they could require the production of medical certificates from medical officers appointed by the Campanies resident in the place where the policyholder is resident and further that they could require the payment of the usual interest on arrears of premia, not exceeding 6%. This request to Insurance Companies should be addressed by both the Governments of India and Pakistan to Companies having Head Offices in the respective Dominions, and should be confined to cases of hardship that have arisen out of the partition.

3. The question of succession certificates causing difficulties in settlement of claims was discussed. It was agreed that this question as affecting property and banks was already under examination n the Finance and LAW Ministries of both the Dominions and that whatever decision was reached there should be adapted, if necessary, to cover Insured Policies.

4. It was also agreed that the two Governments should try and persuade the Insurance Companies to make payments of claims on life policies not exceeding Rs. 2,000/- in each case, without insisting on succession certificates, but on production of a suitable guarantee or indemnity from two solvent sureties.

5. Discussion then proceeded on the larger issue relating to the conditions which would enable Indian Life Companies to revive their operations in Pakistan and the conditions that the Indian Companies had suggested, as in the Government of India letter dated 21-8-48 were considered.

(*a*) The representatives of India said that the Government of India should take up the responsibility to certify that the investment provisions relating to the Pakistan liability of the Companies in terms of the Pakistan Act had been complied with, that there should be no suggestion that the Government of India should actually undertake the liability on default and further, that, if necessary, it may be explored whether the Reserve Bank of India could not be designated trustee to keep custody of the securities relating to the Pakistan Business. The Pakistan representatives, on the other hand, said that unless the Government of India undertook liability in respect of any default by Indian insurers, Indian companies could not be exempted from the normal requirements of their law that the 55% of their adjusted Pakistan liabilities should be kept in the custody of trustees resident in and acceptable to the Government of Pakistan. They suggested, however, that if the Indian Companies would wish to nominate the State Bank of Pakistan as trustee, they would be willing to accept such a proposition. They felt that considering that the 55% of adjusted Pakistan liabilities represented really collections by way of premia from residents in Pakistan, this condition regarding trusteeship should not be considered as particularly onerous and that in any case it was a necessary fundamental condition to inspire confidence in Indian Companies.

The Indian representatives pointed out that this was a matter on which the Indian Companies felt very strongly and expressed the opinion that it would be extremely difficult to persuade the Indian Companies to accept this position.

(*b*) The composition of the 55% of adjusted liabilities was then discussed. The Indian Companies had suggested that 25% of these would be acceptable to them to be in Central Pakistan Loans, but they wanted that of the balance of 30% they should be free to invest as much as they liked in Indian Government Securities and U.K. Securities. In oth r words, they suggested that the 30% should not be confined to Pakistan Approved Securities only, but should include also Indian Government Securities and U.K. Securities. The argument put forward was that U.K. Companies to-day, as the law stands in India or Pakistan, could have all the 30% in U.K. Securities if they so chose, whereas Indian Companies will be treated comparatively harshly if they could not invest in the same way in Indian Securities, even if U.K. Securities were unacceptable to Pakistan. The Pakistan representatives said that they appreciated the position in regard to U.K. Companies, but to permit Indian

Companies to keep their investments in Indian Securities, it would require an amendment of the law which they were afraid public opinion in Pakistan may not support, except to a very limited extent. Having regard to this, they said they could go only as far as this in regard to the composition :—

25% Central Pakistan Securities ;

15% Government of India Securities ; and

15% Pakistan Approved Securities, including U. K. Securities.

The Indian representatives expressed the view that except for the discrimination in comparison with U.K., this distribution could not be held to be particularly harsh. Both the sides appreciated the difficulties in regard to altering immediately the existing special position which U.K. Companies enjoyed.

6. The Pakistan representatives said that they appreciated that it would not be quite fair to treat India in a less favourable way than U.K., but that in the matter of the 55% investments it was their intention to require U.K. Companies also to keep invested all the 55% in either Central Pakistan Securities or Pakistan Approved Securities which latter would not include U.K. Securities. They, therefore, urged that when U.K. was made to comply with these requirements, India should also be willing to accept similar requirements. The Indian representatives accepted this position.

7. The Indian representatives then urged that on the same footing, Indian Companies should not immediately be required to keep these 55% Securities in the custody of trustees resident in Pakistan, until U.K. Companies also were required to do so. The Pakistan Representatives, however, urged that while theoretically it was so, it would greatly strengthen their hands in their negotiations with U.K. if India would accept the necessity to have this trusteeship immediately on condition, however, that if by the end of December, 1950, U.K. were no required to do likewise, the Indian Companies would be put on the same footing as U.K. Companies in the matter of investments, as also trusteeship. The Indian representative accepted this position.

8. In the interim period, *i.e.*, until the end of December 1950, India and Pakistan agreed to the following arrangements :—

(*i*) The composition of investments should be 25% Central Pakistan Securities, 15% Government of India Central Securities and 15% Pakistan Approved Securities including U.K. Securities.

(*ii*) All this 55% should be deposited in trust with the Pakistan State Bank, unless the Indian Company and the Pakistan Government mutually agreed upon some other trustee resident in Pakistan.

9. On this basis, the Indian representatives agreed that the Government of India would try and persuade the Indian Companies to re-start their activities in Pakistan explaining to them that in their view these terms could not be held to be unreasonable.

10. The Pakistan representatives were willing to agree to the proposal put forward by Indian Life Companies that for the purpose of changing the deposits, as required by the Pakistan Law, a period of 4 years, as under existing Section 27 (3) of the Act, would be available.

11. The Pakistan representatives felt that there would be no difficulty in giving the assurance to the Indian insurers that sufficient notice would be given to enable such of them as may like to withdraw from Pakistan to withdraw if the Pakistan Government later on legislate imposing conditions more onerous than those now offered. In any case it was agreed that once the Indian Companies decide not to write new business, the more onerous conditions would not apply to those Companies.

12. The Pakistan representatives found themselves unable to accept the proposal made by the Indian Companies that if in future they withdrew from Pakistan, they should be treated on the same basis as the Companies that withdrew from India on the passing of the Insurance Act, 1938. Those that now withdraw of course are in the same position as non-Indian Companies were in 1938, but in future if Indian Companies accept the condition regarding trusteeship, the Pakistan Government naturally would not release the deposits until the liabilities had been satisfied.

13. The Pakistan representatives mentioned that the present Hyderabad Government had withdrawn business from the Eastern Federal Union Insurance Co. which is a Pakistan Company. The Government of India representatives said that this was a matter entirely distinct from the ones referred to the Committee and suggested that it might be taken up in other quarters separately.

14. The Pakistan Government representative said that he had received the communication from the Government of India in regard to the re-assignment of policies financed out of Provident Fund balances and said that that matter could be settled by correspondence without much delay.

15. The Pakistan representatives suggested that claims on maturity or death of certain evacuees were not being paid to the assured or his successor-in-interest and that it was paid to the Custodian in the East Punjab. This it was suggested was a hardship that ought be remedied. The representatives of India said this was the first time they had heard of any such difficulty and that they would examine the position.

16. The discussions were further carried on on the 11th instant at which Mr. M. A. H. Ispahani joined the Pakistan representatives. Mr. Ansari could not be present.

## CONTENTS

### AGENDA

## AGENDA

### EVACUEE PROPERTY CONFERENCE (SECTION IV OF THE DELHI AGREEMENT) 10TH JANUARY 1949.

1. Whether areas should be extended as proposed in Conference of July 22nd.

2. Whether areas should be further extended to cover whole of both Dominions as proposed in paragraph 4 of minutes of July Conference.

3. To consider whether settlement of Agricultural Property should be on a Governmental basis or between individual evacuees reference paragraph 5 of minutes of July Conference.

4. Consideration of proposals for setting up Joint Urban Assessment Boards as mentioned in paragraph 9 of July Conference.

5. Consideration of India's proposal that pending final settlement exchange of urban immovable properties should be freely allowed.

6. Consideration of the question of Trust Property.

7. Consideration of the question of Jagirs and Muafis.

8. Consideration of progress made in the exchange of revenue records and removal of movable property.

### CONFERENCE UNDER SECTION II OF THE AGREEMENT TO CONSIDER POINTS ARISING FROM THE DELHI AGREEMENT AND DIVISION OF SURVEY OF INDIA ASSETS.

SUGGESTED BY PAKISTAN:

1. Violation of Most Favoured Nation treatment clause by India affecting Pakistan in respect of:

   (*a*) refusal to grant to Pakistan rebate of excise duty connected with importation and exportation of goods;

   (*b*) grant of better treatment than Most Favoured Nation treatment to a country which is not a contracting party;

2. Interim arrangements regarding duty on tobacco;

3. India's export duty on mustard oil supplied to Pakistan.

4. Violation of Baggage Rules

| | |
|---|---|
| 5. The condition of mosques tombs and shrines.<br>6. Objectionable public utterances by leaders.<br>7. Division of Survey of India Assets.<br>8. Return of exhibits belonging to Pakistan museums. | SUGGESTED BY PAKISTAN |
| 9. Supply of raw cotton from Pakistan.<br>10. The five outstanding financial issues between India and Pakistan.<br>11. Movement of petrol from Karachi to India. | SUGGESTED BY INDIA |

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## MINUTES OF THE INTER-DOMINION CONFERENCE (KARACHI : 10—13 JANUARY, 1949).

### SECTION I.

1. *Items* (1), (2), (3), (4), (5) and (8) :—

The Conference examined the draft scheme for Inter-Dominion Evacuee Property Agreement prepared by the Joint Official Committee at Lahore (22—25 March, 1948), as well as the decisions reached at the Inter-Dominion Conferences held in Lahore on 22 July 1948, and in Delhi in December 1948, and reached decisions which are set out in Appendix I.

2. *Item* (6) :—*Consideration of the question of Trust Property.*

The Conference considered the question of Trust Property and, in view of the complexity of the problems involved, agreed that a committee consisting of three members from each Dominion should be appointed to consider :

(*a*) the report of the Inter-Dominion Committee on Trusts submitted on 6th April 1948, and

(*b*) any other suggestion that may be received in this connection, and to make recommendations.

The Conference suggested that the committee should be constituted by the 31st January 1949 and should submit its report within three months thereafter.

3. *Item* (7) :—*Consideration of the question of Jagirs and Muafis.*

This item did not come up for consideration.

4. It was also agreed that the following problem should be referred to the Inter-Dominion Commission for consideration : " The problem of the treatment to be accorded to sites and lands allotted on instalment basis in respect of which all the instalments were not paid by evacuee owners prior to the date of evacuation ".

## SECTION II.

1. Pakistan had suggested the discussion of the following items :—

*Item* 1.—*Violation of 'Most Favoured Nation' treatment clause by India affecting Pakistan.*
(*a*) *Refusal to grant to Pakistan rebates of excise duty connected with importation and exportation of goods.*

The Indian representatives stated that in their view the "Most Favoured Nation" clause of the General Agreement on Tariffs and Trade does not apply to rebates of excise duties and they could not agree to consider this question in isolation. They could consider it only as part of a comprehensive arrangement between the two Dominions. This proposal had been made by India to Pakistan at the Conference in Delhi in December last, and at the request of the Leader of the Pakistan Delegation a copy of the statement made by the Leader of Indian Delegation on the subject was furnished to him. The Pakistan representatives could not accept India's interpretation of the "Most Favoured Nation" clause and considered that since there is a dispute regarding the rights and obligations on each side the question should be settled independently, without reference to any comprehensive arrangement which might ultimately be reached. In view of this difference of opinion the question could not be further discussed.

(*b*) *Grant of better treatment than Most Favoured Nation treatment to a country which is not a contracting party.*

The Indian representatives explained that Pakistan's information, that while duty was levied on dried fruit imported from Pakistan into India, no duty was levied on such fruit imported from Afghanistan, is not correct. It was explained that duty is charged at the same rate in both cases.

*Item* 2.—*Interim arrangements regarding duty on tobacco* ; *and*

*Item* 3.—*India's export duty on mustard oil.*

The Indian representatives stated that the view which they had expressed with regard to item 1 (*a*) applied also to these items and they were not prepared to consider them separately. In the circumstances these items also could not be discussed.

*Item* 4.—*Violation of Baggage rules.*

This item was referred to the Economic Committee whose report (which is at Appendix II) was accepted.

*Item* 5.—*Condition of Mosques, tombs and shrines.*

This item could not be discussed in full for lack of time. Each side agreed to look into specific cases brought to its notice, of places of religious worship used for purposes not consistent with their use as places of worship.

*Item* 6.—*Objectionable public utterances by leaders.*

It was agreed that this item should be discussed informally between the leaders of the two delegations.

*Item* 7.—*Division of survey of India Assets.*

This item was referred to a committee, whose report (which is at Appendix III) was accepted. It was agreed, however, that if, on the reconsideration referred to in para. 6 of the recommendations of the report, India desired to hold back any of the items, the matter would be placed again before the next Inter-Dominion Conference.

*Item* 8.—*Return of exhibits belonging to Pakistan Museums.*

1. The item was posponed for consideration at the next Conference.

2. The following items were suggested by India :—

*Item* 9.—*Supply of raw cotton from Pakistan.*

This item was referred to the Ecomomic Committee, whose report, which is at Appendix II was accepted.

*Item* 10.—*The five outstanding financial issues between India and Pakistan.*

This item was postponed.

*Item* 11.—*Movement of petrol from Karachi to India.*

The item was referred to a committee, whose report, which is at Appendix IV, was accepted.

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|---|---|
| Sd. ZAFRULLA KHAN | Sd. N. GOPALASWAMI, |
| January 13th, 1949. | 13th January 1949. |

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## APPENDIX I

### DECISIONS OF THE INTER-DOMINION CONFERENCE HELD AT KARACHI ON THE 10TH—13TH JANUARY, 1949 ON THE DRAFT SCHEME FOR INTER-DOMINION EVACUEE PROPERTY AGREEMENT.

### PART I.—GENERAL

**1. Areas to which applicable.**

(*a*) In regard to agricultural property, the areas in Pakistan would be West Punjab, Sind, the Capital of the Federation, N.W.F.P. and Baluchistan, and the States of Bahawalpur and Khairpur (N.W.F.P. and Baluchistan should be taken to include States which have acceded to Pakistan and to exclude un-Administered Agency Areas). In India, the areas would be the Provinces of East Punjab and Delhi, Province of Himachal Pradesh, the Patiala and the East Punjab States Union, and the States of Bharatpur, Alwar and Bikaner.

(*b*) In regard to Urban immovable property the areas in Pakistan would be the same as for agricultural property but in regard to India, the areas would be extended to include Ajmer-Merwara, Dholpur and Karauli States (now included in the Matsya Union) the Rajasthan Union, Saurashtra (as both these Unions stood on 22-7-48), and the States of Jaipur and Jodhpur, and the districts of Saharanpur, Dehra Dun, Meerut and Muzaffarnagar in the United Provinces.

N. B.—Pakistan further suggested that while it was not agreeable to the area in India being extended to the whole of the country, it was prepared to agree to the area being so extended in regard to Government servants and persons holding office under the Crown in either Dominion. India thought it would not be justifiable to make this distinction and suggested that the areas might well be extended to cover the whole of both Dominions.

India further suggested that in addition to the 4 districts of U.P. mentioned above, namely Saharanpur, Dehra Din, Meerut and Muzaffarnagar, 8 more districts should be added, namely, Aligarh, Mathura, Agra, Mainpuri, Etah, Bareilly, Moradabad and Budaun, all of which are ordinarily described as Western Districts of U.P. Pakistan after consideration stated that it was not prepared to accept the extension to these 8 districts.

2. **General Principles.**

(1) Except in accordance with the terms of this agreement the evacuee's rights in his immovable property shall not be affected by reason of the vesting of his property in the Custodian.

(2) In the evacuee's absence, the duty of preserving his property and safeguarding his rights and interests therein shall devolve upon the Government concerned.

(3) "Evacuee Property" shall be so defined as to exclude from its operation property belonging to Joint Stock Companies with Head Offices in India, maintaining branches in Pakistan, and *vice versa.*

Provided that where the Custodian or the Rehabilitation Authorities have already taken over the property, which owing to the disturbances was wholly or partially abandoned, such occupation shall continue, if so desired by the Government concerned, for the following periods :—

(*a*) Agricultural, commercial and residential property, 3 years, and

(*b*) Industrial property, 5 years.

*Note* :—The position of Joint Stock Companies which claim to have transferred their head offices from one Dominion to the other after the 15th August, 1947 may have to be examined separately.

(4) Throughout this agreement whatever has been laid down as applicable to a Dominion or to its Government shall be applic-

able to any States or to the Government of any such States as have acceded to the Dominion and are included in the area to which this agreement now becomes or hereafter becomes applicable.

3. **Administration of Evacuee Property.**

(1) There shall be appointed one or more Custodians of Evacuee Property in each Dominion.

(2) Evacuee property situated within the jurisdiction of a Custodian shall, for purposes of management, be vested in him.

(3) It shall be the duty of the Government concerned to take all necessary action for the preservation of evacuee property and for safeguarding all the evacuee's rights and interests therein. In particular the Government concerned shall require its Custodian or Custodians of Evacuee Property to :—

(*a*) compile and maintain full and complete record of all evacuee immovable property, separately for each town and village ;

(*b*) make arrangements to be in a position as soon as possible to furnish to the evacuee (on demand by him) information in respect of administration of his property ;

(*c*) take into consideration such information as the evacuee may give him regarding his property while dealing with matters connected with the administration of the property concerned ;

(*d*) keep the interests of the evacuees paramount save in accordance with the provision of any law for the time being in force ;

(*e*) provide full facilities to the other Dominion or its representatives to represent to the Custodian the view-point and interests of any evacuee.

4. (*a*) A Liaison Officer of the one Dominion should be appointed to be in close touch with the Custodian of the Evacuee Property of the other Dominion for the purpose of :—

(*i*) obtaining informaton on general principles being followed with regard to management of evacuee property ;

(*ii*) making representations—general or in respect of cases of particular evacuees or properties—for the consideration of the Custodian ;

(*iii*) obtaining information regarding demand statements and account statements regarding properties of evacuees, and generally to expedite by references to the Custodian the implementation of Sections 8 and 9 of Part III ;

(*b*) The Liaison Officer will be attached to the High or Deputy High Commissioner of the Dominion to which he belongs, but will have office accommodation in the office of the Custodian to which he is attached ;

(*c*) Pakistan agreed to the above on the condition that the office of the Custodian of Evacuee Property, East Punjab, was and would remain at Jullundur.

## PART II.—AGRICULTURAL PROPERTY

1. **Definitions.**

(1) "Agricultural Property" means :—

(*a*) all land not included within the limits of a Corporation, Municipal Committee, Notified Area Committee, Town Area, Small Town Committee and Cantonment as those limits stood on the 15th August, 1947 ;

(*b*) buildings and other structures (including wells) erected on such land (excluding industrial and commercial buildings, such as factories, workshops and the sites thereof) ;

(*c*) other rights and interests in lands, buildings and structures referred to in (*a*) and (*b*) above, *e.g.* rights of a lessee, grantee, mortgagee etc., but not including assignments of land revenue.

*Note* :—The problem of substantial houses and shops in rural areas has been dealt with in Part IV.

(2) "Evacuee owner" in this Part means an owner of evacuee agricultural property or a holder of any rights or interests therein.

2. The consideration of Sections 1(3), 2, 3, 4, 5, 6, 7 and 8 of the Draft Scheme (dated 22nd—25th March, 1948) was deferred. With a view, however, to collecting data which would enable an early decision to be reached regarding the disposal of agricultural property, it was agreed to exchange copies of revenue records and of existing records bearing on the question of land prices. It was also agreed that for expediting this work, three joint committees should be appointed. One of these three committees will be composed of the Deputy High Commissioner (Pakistan) at Jullundur, and the Deputy High Commissioner (India) at Lahore, who will be concerned with the agreed areas of Western Pakistan less Sind, Baluchistan and Khairpur and with the agreed areas in India less Delhi, and the States of Bharatpur, Alwar and Bikaner, The second Committee will be composed of the High Commissioner for Pakistan in Delhi, or an Officer nominated by him, and an officer of the Ministry of Relief and Rehabilitation (India) for areas Delhi and the States of Bharatpur, Alwar and Bikaner ; and the third Committee will be composed of the High Commissioner for India in Pakistan at Karachi, or an officer nominated by him, and an officer of the Ministry of Refugees and Rehabilitation (Pakistan) for Sind and Baluchistan and the State of Khairpur.

3. **Applicability of certain provisions of Part III to this Part :—**

Until a scheme is agreed to for the disposal of agricultural property, the following provisions shall apply to such property :—

(*a*) Section 2 of Part III (*mutatis mutandis*) provided that the maximum period for which agricultural property may be requisitioned shall be three years ;

(*b*) Clause (*a*) of Sub-Section (1) of Section 7 of Part III ;

(*c*) Sections 8 and 9 of Part III (*mutatis mutandis*).

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## PART III.—URBAN IMMOVABLE PROPERTY

1. **Definitions :—**

(1) "Urban Immovable Property" means :—

(*a*) all immovable property situated within the limits of a Corporation, a Municipal Committee, a Notified Area Committee, a Town Area, a Small Town Committee and a Cantonment as those limits existed on the 15th August, 1947 ;

(*b*) other rights or interests in such property, *e.g.* rights of a lessee or a mortgagee ;

(*c*) commercial and industrial structures, such as factories, workshops outside the limits referred to in (*a*) above and sites thereof ;

(*d*) commercial and industrial undertakings including goodwill of such undertakings.

*Note* : (1)—The township known as Model Town in the vicinity of Lahore is an urban area and shall be deemed to be included within the municipal limits of Lahore.

*Note* : (2)—The question of including "substantial" houses and shops in rural areas as urban immovable property was deferred.

(2) "Evacuee Owner" means an owner of evacuee urban immovable property or a holder of any rights and interests therein.

*N.B.*—Pakistan suggested that 'evacuee' should be defined as a person who has moved over from one Dominion to the other before 30th September 1948 and property belonging to such a person should be defined as "evacuee property". India was of the view that the fixation of a date in this way, particularly one which would have to be given effect to retrospectively would be unfair to persons who will have left one or the other Dominion after the fixed date ; the position would be different if some suitable date in the future were to be fixed. Pakistan stated that they would consider this point further and see what action on their own side would be feasible.

2. **Rights of Provincial Government:—**

(*a*) The Government of the Province in which evacuee urban immovable property is situated shall have the right to acquire such property as it may need for a public purpose, which may include the rehabilitation of refugees or the economic rehabilitation of the Province, on payment of fair compensation to be determined in accordance with the principles laid down in the Land Acquisition Act or any other law which is applicable as it stood on August 15, 1947. The amount of compensation would be determined in the following way :—

The Administrative Officer who would ordinarily be charged with the duty of making an award for the acquired land would instead of making an award himself submit a report to the Court of the District Judge which for this purpose will consist of two members, one from each Dominion. If the two members are agreed they will make an award which will be final. If they disagree, a reference shall be made to the High Court of the Dominion in which the property in question is situated. The decision of the High Court shall be final.

(*b*) The Government of the Province in which evacuee urban immovable property is situated shall have the right to requisition such property as it may need for a public purpose which may include rehabilitation of refugees or the economic rehabilitation of the Province on payment of a fair compensation. The maximum period for which the Provincial Government is entitled to requisition shall be limited in the case of—

(*i*) residential property to 3 years ;

(*ii*) commercial property to 3 years ; and

(*iii*) industrial establishments to 5 years.

The fair compensation shall be assessed in accordance with the principles laid down in the law in force at the time of requisitioning, or in accordance with any modification or amendment of that law or any substitution of it, or promulgation of a new law. The draft of any law, or any new rule shall, however, be communicated to the Inter-Dominion Commission (Part VII) and any recommendation made by that Commission shall be taken into consideration.

*Note* 1.—The term "requisition" shall include taking over and assuming control of evacuee property for the purpose of rehabilitation under any law for the time being in force.

*Note* 2.—Property owned by institutions and trusts will also be governed by this paragraph unless and until a separate agreement is arrived at regarding such property.

*Note* 3.—Copies of all orders passed requisitioning any property and fixing compensation therefor shall be furnished by the officer requisitioning the property to the Liaison Officer attached to the Custodian.

**3. Conditions of Leases.**

(1) The conditions on which such requisitioned property is leased out shall be such as to cast upon the lessee an obligation to :—

(*a*) safeguard and preserve the leased property ;

(*b*) give full facilities to the proprietor or his duly authorised agent to arrange for inspection and to take all such action as may be necessary for canvassing buyers and for effecting sales or exchanges.

(2) In the case of industrial and commercial undertakings the lease conditions may also provide for depositing security against loss or damage.

(3) The conditions shall provide for the imposition of a penalty for any breach thereof.

**4. Responsibility of Dominion Government.**

(1) The Government of the Dominion in which the evacuee immovable property is situated shall provide facilities (*i*) to evacuees (as also to private agencies working on their behalf) to enable transfers to be effected by sale, exchange, or otherwise, (*ii*) for the registration of the exchanges and sales of evacuee property, as well as for special concessions relating to registration fees and stamp duties. It was agreed that the details of these concessions and facilities should be worked out by the Inter-Dominion Commission.

(2) It shall be the duty of the Custodian plus the Liaison Officer attached to him to give property owners such information as might assist them in the disposal of their property. Such staff as the Custodian and the Liaison Officer may require for this purpose shall be provided.

**5. Rights of Evacuees.**

(1) The evacuee owner shall have the right to transfer his property by sale, exchange or otherwise, subject to such right as may have been acquired by the Provincial or the Dominion Government as the case may be (or by other persons claiming through the Provincial or the Dominion Government as the case may be) as a result of the exercise of powers referred to in Section 2 above.

(2) All such transfers shall be registered with the Custodian of the area concerned, who shall register the transfer unless :

(*a*) the transferor fails to produce a certificate signed by the prescribed income-tax authority certifying that the transferor has paid all taxes due from him to the Income-Tax Department in respect of his property, business or undertaking, or has made satisfactory arrangements for the payment thereof ; or

(*b*) he has failed to pay any other dues outstanding against him in the Custodian's registers in respect of (*i*) his own property ; (*ii*) third party claims recognised *ex parte* by the Custodian:

Provided that provision is made for review by the Custodian of third party claims thus recognised.

*Note.*—Taxes due from him in (*a*) means 'taxes assessed but not paid' and also 'taxes not yet assessed', provided that in the latter case the transferor, shall be permitted to obtain registration of his transfer if he deposits with the Custodian in respect of each year for which assessment is pending an amount equal to the average of the tax assessed for the last three years for which assessment has been made.

In considering the question of satisfactory arrangements for payment as in clause (*a*) the income-tax authorities shall consider the value of other immovable property owned by the transferor in that Dominion.

6. **Responsibility of Governments.**

(1) The Government shall manage through the Custodian appointed by it for the purpose such evacuee urban immovable property as has not been acquired or requisitioned by it.

(2) The Custodian shall be free to take such action as he may deem fit in the interest of efficient management of such property.

(3) The provisions of Sections (2) and (3) of this Part shall apply *mutatis mutandis* to the leases given by the Custodian.

7. **Deductions from lease money.**

(1) From the lease money assessed and realized in accordance with the provisions of this Part, the Custodian will be entitled to make the following deductions :—

(*a*) 10 per cent of the realised rents for management, and

(*b*) 10 per cent of the assessed rents for normal repairs.

(2) In the case of special repairs, the Custodian will be entitled to incur expenditure against the capital value of the property.

8. **Returns of rental collection information.**

The Custodian shall prepare for the six-monthly periods ending 30th June and 31st December each year, lists in duplicate for each locality, giving particulars of evacuee urban immovable property situated therein, the names of evacuee owners, and the lease money assessed, with additional columns showing the rents collected, deductions made therefrom and the balance payable to each evacuee owner.

9. **Inter-Dominion Adjustment.**

The Custodians in each Dominion will send the lists thus prepared in duplicate to the Auditor-General of their Dominion Government. That

Officer will forthwith forward one copy of each list to the Auditor-General of the other Dominion and proceed to consolidate the amounts in these lists. The two Auditors-General will adjust the net amount payable by one Dominion to the other through the Exchange Accounts of the two Dominions. If all the lists are not received within two months of the prescribed dates, namely 30th June and 31st December, by the Auditor-General of the other Dominion, adjustment shall be made to the extent of 50 per cent of the total amounts in the lists received at the expiry of the said two months, the balance being credited to the account of the Dominion to which it is due as soon as the outstanding lists from that Dominion are received.

*Note.*—This procedure is provisional and will be reviewed as soon as possible after the first adjustment.

10. **Restoration.**

Where the owner of any evacuee urban immovable property produces a certificate from the Rehabilitation Commissioner or an authority empowered by the Rehabilitation Department in this behalf that the property is not required for the purpose of rehabilitation of refugees or the economic rehabilitation of the Province, the Custodian shall restore the property to the owner or his agent for management or disposal. Where the management has not been taken over by the Custodian, and the owner produces the above certificate, the Custodian may, on the owner's request, allow him to retain or assume management of such property.

11. **Prevention of attempts to cause unfair fall of prices.**

The Dominion and the Provincial Governments in whose area the property is situated will do everything in their power to see that no organised attempts are made to keep the prices of evacuee property below the market level by forming rings, syndicates, boycotting or otherwise.

## PART IV.—HOUSES AND SUBSTANTIAL SHOPS IN RURAL AREAS.

The question of whether substantial houses and substantial shops in rural areas should be treated as urban immovable property or otherwise should be examined by the Inter-Dominion Commission.

## PART V.—MOVABLE PROPERTY.

1. **General Provisions.**

(1) Except in accordance with the terms of this agreement, the evacuee's right in his movable property shall not be affected by reason of the vesting of his property in the Custodian.

(2) In the evacuee's absence, the duty of preserving his property and safeguarding his rights and interests therein shall be entrusted by the Government concerned to the Custodian of the Province in which the property is situated.

(3) It shall be the duty of the Custodian to :—

(*a*) take all possible precautions for the proper and safe keeping o evacuee movable property ;

(*b*) ensure that full compensation is recovered for movables requisitioned by the Provincial Government or their officers for a public purpose, which may include the rehabilitation of refugees or of the economic life of the Province ;

*Explanation*:—

The term "requisitioning" includes taking over for purposes of the rehabilitation of refugees or the economic life of the Province.

(*c*) make arrangements for the disposal of such movables as cannot be preserved to the best advantage of the evacuee owner ;

(*d*) restore on application to the evacuee owners their movables and to give facilities to them to dispose of or remove the movables so restored ;

(*e*) on application by an evacuee owner, arrange for the disposal of his movables at the best possible price.

2. **Rights of Government** :—

(1) *Provincial Government*:—

The Government of the Province in which evacuee movable property is situated shall have the right to acquire or requisition such movable property as it may need for a public purpose, which may include rehabilitation of refugees or the economic life of the Province, on payment of a fair compensation to be determined in accordance with Sub-Section (6) of Section 4.

(2) *Dominion Government.*

The Government of one Dominion shall have the right to prohibit or restrict the export of items of evacuee movable property which may be essential for the life of the community after giving notice to the other Dominion of their intention to do so.

3. **Procedure for Acquisition or Requisition or Sale**.

(1) A record will be kept of the goods acquired, requisitioned or sold by the Provincial Government or its officers, including the Custodian and officers subordinate to him. The record shall include separately for each evacuee owner an inventory of the items and quantities acquired, requisitioned or sold, the name and designation of the officers making the order and the price payable or paid.

(2) Reasonable facilities shall be given to evacuee owners and their representatives to inspect the entries concerning them in this record.

(3) The general procedure for preparation of inventories and fixation of prices shall be in accordance with the provisions of Section 4 of this Part.

(4) A nominal roll giving the name of each evacuee owner and the total amount due to him on account of goods acquired, requisitioned or sold, shall be compiled and furnished every six months by the Custodian to the Auditor-General of his Dominion. The Inter-Dominion settlement will be made in the manner prescribed in Section 9 of Part III.

(5) Opportunity shall be given to evacuee owners or their authorised agents to bring to the notice of the Provincial Government or the Custodian concerned instances of :—

(*i*) deliberate misdescription of goods sold ;

(*ii*) gross undervaluation.

(6) The Custodian may effect the sale of evacuee movable property :—

(*i*) On application by the evacuee himself ;

(*ii*) after adequate notice (not less than a month) to the evacuee owner individually or to a general class of evacuee owners.

*N.B.*—If in response to the notice the evacuee owner desires to make arrangements to dispose of his property himself or through his agent, the Custodian will normally accord permission to do so.

(*iii*) without notice, in cases in which, for reasons to be recorded in writing, he holds :

(*a*) the interest of the evacuee owner is best served by the sale, or

(*b*) the sale is necessitated by requirements of rehabilitation.

*N.B.*—The sale of movable property shall, as far as possible, be by auction. The evacuee owner or the representative of the Dominion to which he has evacuated will be given an opportunity to be present at the sale.

(7) Abandoned movable which cannot be assigned to any particular evacuee shall be disposed of according to the law for the time being in force for the disposal of unclaimed property.

4. **Procedure for Preparation of Inventories and Valuation :**

Evacuee owners of movables, especially those forming assets of commercial or industrial undertakings, will be given the following facilities in respect of inventories and valuation :—

(1) Each Government will have the right to appoint representatives acceptable to the other Dominion in such local areas of the other Dominion as they deem fit. The rehabilitation authorities will inform those representatives whenever possession of a commercial

or industrial undertaking is to be taken over by them giving not less than a week's notice. The representatives will have the right to be present either personally or by an authorised agent at the time of the preparation of the inventory.

(2) If the owner wishes to be present either personally or by an authorised agent at the time of the preparation of the inventory, his presence will not be objected to, provided that the preparation of the inventory shall not be delayed merely to ensure his presence.

(3) After the preparation of the inventory a date shall be fixed for the valuation of the property and the representative or owner or agent who has been present at the preparation of the inventory shall be informed of that date by the officer preparing the inventory. On the date fixed, the representative of the Dominion, the owner or his agent shall have the right to be heard.

(4) Where an order of valuation has been passed by an authority subordinate to the Custodian and the order requires confirmation by the Custodian, the representative of the Dominion or the owner may signify his desire to be heard before the order is confirmed, and the Custodian will give him an opportunity to be so heard.

The Custodian shall not pass an order of confirmation until 10 days have elapsed from the decision of the subordinate officer.

(5) Where an order of valuation has been passed by an authority subordinate to the Custodian himself, and the order does not require confirmation by the Custodian, the owner shall have the right to appeal to the Custodian within 10 days of the passing of the order by the subordinate officer. It shall not be necessary to give any notice to the representatives of the Dominion or the owner regarding the fixation of value by the subordinate authority.

(6) The rate of compensation will be on the basis of fair value, that is, the price which the property would fetch in the open market under the present conditions provided that no organised attempt is made to keep it low by forming a ring or syndiacte, or by boycott or otherwise.

5. **Rights of Evacuees.**

(1) The evacuee owner shall have the right to apply for restoration of his movable property. This application shall be normally granted except in cases in which the property in question has been acquired or requisitioned by the Provincial Government or taken over by the Rehabilitation authorities.

(2) The evacuee shall have the right to apply to the Custodian requesting him to sell or dispose of his movable property in accordance with the procedure outlined in Sections 3 and 4.

(3) On restoration, the evacuee shall have the right to manage or dispose of his movable property by himself or through his agent, which term may include Liaison Officers appointed by the Dominion to which he has been compelled to migrate, in any manner he deems fit, including export to any destination in the other Dominion, subject to any export restrictions that may be imposed under Sub-Section (2) of Section 2 of this Part.

(4) The evacuee shall on application be given permission and facilities to inspect his movables held in the charge of the Custodian or persons claiming through him or any other person.

(5) Evacuee owners who before the evacuation were engaged in organised trades, such as timber, grain, cotton, sugar, iron and steel, non-ferreous metals, etc., shall have the right to form syndicates and to depute small representative committees on behalf of the owners to various localities to arrange for the restoration and, subject to the permission of the Custodian, for the disposal or management of the stock-in-trade belonging to the members of such syndicates.

6. **Responsibility of Governments.**—

(1) The Government concerned shall be responsible for taking all steps necessary to ensure the safety of the evacuee owners and their agents engaged in managing, disposing of or removing their movables.

(2) The Government concerned shall also give to evacuee owners and their agents all possible assistance, including, wherever necessary, police protection, to dispose of their movables or to dispatch them by rail or road to any destination in the other Dominion.

(3) The Dominion Governments shall also give all possible transport facilities, including provision of petrol on payment, and grant, wherever necessary, of sufficiently-high priority for transport by rail.

(4) There should be set up joint committees as for the exchange of revenue and other records in Section 2 of Part II, for the purpose of removal and disposal of evacuee property. It will be the function of these committees:—

(*a*) to supervise the working of the agreed arrangements in regard to evacuee movable property and in particular, to assist evacuee owners in the expeditious disposal of their requests for help, for police protection or special transport facilities ;

(*b*) to set up an organisation for facilitating movement by rail or road (This Committee will run its own trucks and secure special booking facilities and, whenever possible and necessary, run special goods-trains for the movement of evacuee movable property) ;

(*c*) to receive complaints and arrange for the redress of grievances of evacuees in the disposal or transport of their movables.

*Note.*—The two Dominion Governments shall make available all reasonable facilities to these joint committees to enable them to discharge their functions effectively.

(5) The Committees will pay particular attention to facilities being provided for the disposal, recovery, restoration and movement of :—

(*a*) goods lying pledged with banks ;

(*b*) goods lying at railway stations ;

(*c*) goods lying at docks ;

(*d*) parcles and money orders lying undelivered or unremitted at the post offices.

(6) The Committees will also pay special attention to assisting evacuee owners in the recovery and removal of movables and buried underground.

7. **Special Categories of Movable Property**.—

(1) The previous sections of this Part will apply generally to all movable property.

(2) Without prejudice to this generality, both Dominions recognise that certain special categories or special articles may require special additional treatment and each Dominion will, if requested by the other Dominion, refer to the Inter-Dominion Secretariat Level Commission proposed in Section I of Part VII of this scheme or, if necessary, to an *ad hoc* meeting, any case requiring such treatment.

(3) The following special additional treatment is hereby agreed upon in respect of the special categories hereinunder specified :—

(*a*) *House-hold goods.*—

(*i*) The evacuee owner shall be given permission and facilities to remove all items of sentimental, literary and professional value and such personal effects as beddings, personal clothing, radio sets, gramophones, musical instruments, sewing machines, refrigerators, carpets and rugs etc.

(*ii*) Refugees at present residing in the houses vacated by evacuees will have the first claim for the purchase or hiring of all items which are not covered by (*a*) above, on payment of fair price.

(*iii*) A list of the items required by the refugees at present residing in the evacuee's house shall be prepared. This list shall so far as is possible be prepared in the presence of the evacuee or his authorised representative and as far as possible in the manner laid down in Section 4 of this Part.

(*iv*) For the items required by him, the refugee shall pay to the evacuee fair compensation calculated in accordance with the provisions of Sub-Section (6) of Section 4 of this Part.

(*v*) The evacuee shall be given permission and facilities to remove all items which are not required by the refugee or for

which he is not prepared to pay or does not pay fair compensation.

(*vi*) Facilities will be made available to the evacuee or the representative of the Dominion to which he has evacuated, to represent to the Custodian cases of misappropriation of the evacuee's household goods.

(*b*) *Goods buried underground.*—

(*i*) The evacuee owner wishing to recover buried valuables shall apply for facilities to the Liaison Officer of the Dominion to which he has evacuated.

(*ii*) It will be the duty of Liaison Officer to arrange in consultation with the local Custodian and Police Officers for the search of buried valuables being conducted under conditions of secrecy and security.

(*iii*) Police protection will be provided by the local authorities.

(*iv*) Supervision of the arrangements in this connection will be a special responsibility of the Joint Committees set up under Sub-Section (4) of Section 6 of this Part.

(*c*) *Motor Vehicles.*—

As soon as possible after this agreement is concluded, the Governments concerned on both sides must implement the provisions of Sections 2 and 3, Sub-Sections (4), (5) and (6) of Section 4 and Section 6 of this Part in regard to acquisition, requisitioning, sale, valuation, payment of compensation and release of motor vehicles. If either Dominion considers any further special arrangements to be necessary, it shall without delay refer its proposals to the Inter-Dominion Secretariat-Level Commission mentioned in Section I of Part VII.

## PART VI.—REMITTANCE FACILITIES—CUSTOMS AND EXPORT AND IMPORT CONTROLS.

1. Remittances arising out of this agreement will be regulated according to the Payments Agreement between the two Dominions dated 30-6-48 or such agreement as may replace it.

2. Customs and import and export arrangements between India and Western Pakistan will be governed by the agreement in Annexure A.

## PART VII.

1. **Inter-Dominion Commission** :—

(1) A permanent Inter-Dominion Commission shall be set up at Secretariat level, which will meet at regular intervals, or according to the urgency of the work before it, in each Dominion in turn.

(2) The functions of the Commission will, *inter alia*, include :—

(*a*) Review and supervision of the working of the agreed arrangements in regard to :—

(*i*) the administration, sale and transfer of evacuee property in both Dominions, and

(*ii*) the payment and remission of moneys etc., connected therewith.

(*b*) Consideration of matters other than important questions of policy, that may arise in regard to refugees and evacuees between the two Dominions.

(*c*) Consideration of other matters referred to it by the Government of either Dominion.

(3) The Commission shall consist of the Secretary and one other officer of the two Dominion Ministries dealing with Refugees, with the addition of such officers as it may be necessary to include for the purpose of any meeting.

2. **Inter-Dominion Refugees and Evacuees Council.**—

In addition an Inter-Dominion Refugees and Evacuees Council shall be set up, composed ordinarily of two Ministers each from India and Pakistan. This Council will meet, whenever necessary, to resolve matters on which the Inter-Dominion Commission is unable to agree or to consider questions of policy which require settlement at Ministerial level.

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## ANNEXURE 'A'

## AGREEMENT REGARDING CUSTOMS AND EXPORT AND IMPORT CONTROLS IN RESPECT OF EVACUEE PROPERTY AND GOVERNMENT STORES AND VEHICLES.

It is agreed that goods which are allowed to be moved by evacuees from one Dominion to the other in pursuance of the arrangements arrived at between the two Dominions shall be exempt from export and import trade regulations as well as from export and import duties. Such goods will cover the following :—

(*i*) Goods carried in evacuee special trains ;

(*ii*) Personal and household effects intended for personal and household use, including articles like motor cars, cycles, gramophones, radios and radiograms, electrical goods, musical instruments, sewing machines, typewriters, private libraries, professional instruments, apparatus and equipment, cattle and other animals, jewellery, currency notes, shares, bond securities, and licensed arms and ammunition. This exemption will cover accompanied as well as unaccompanied goods, provided that such goods shall be covered by a permit granted by an authority to be designated in this behalf by each Dominion;

(*iii*) goods carried by evacuees proceeding by motor convoys straight from district camps in one Dominion to the other. This exemption will also cover vehicles forming such convoys ; and

(*iv*) trade goods and merchandise including stock-in-trade belonging to an evacuee excluding gold and silver bullion provided that they are covered by a permit granted by an authority to be designated in this behalf by each Dominion.

2. Evacuees travelling by evacuee special trains or road convoys should be made to declare whether they have with them any bullion. Searches should be restricted to suspicious cases and should be conducted by Customs officials only in the presence of a responsible officer.

3. It is agreed that military stores consigned by one Dominion Government to the other, or carried by the M.E.O. or vehicles under the command of the M.E.O. whether carrying such stores or not, shall be exempt from export and import trade regulations as well as from export and import trade duties if any, on production of a certificate from the Ministry of Defence of the Dominion from which they are being exported, or from an officer authorised by such Ministry in this behalf that they are such stores or vehicles.

4. It is agreed that all Government stores other than those covered by para. 3 above, *e.g.* Railway and P. and T. stores, allocated to each of the two Dominions as a result of partition shall be exempt from export and import trade regulations as well as from export and import duties, if any, onproduction of a certificate from the Ministry concernedof the Dominion from which they are being exported, or from an officer authorised by such Ministry in this behalf that they are such stores. This exemption will also cover vehcles carrying such stores.

5. It is agreed that all vehicles crossing the border if covered by Movement Orders issued by the Joint M.E.O. shall be exempt from export and import trade regulations as well as from export and import duties. This exemption does not apply to the goods carried in such vehicles.

6. It is agreed that all vehicles used by officers of either Dominion in the discharge of their duties and crossing the border shall be exempt from export and import trade regulations as well as from export and import duties on production of a certificate from the High Commissioner or the Deputy High Commissioner of the Dominion to which the officer belongs, or from an officer authorised by them in this behalf that the vehicle is so employed.

7. Subject to the conditions specified in para. 2 above, it is agreed that the Customs authorities will conduct a search on the border only in cases where the import or export of goods is, under the aforesaid provisions, required to be covered by a certificate or permit from an appropriate authority. No searches will however be undertaken in cases covered by paras. 3 and 4 above.

8. It is agreed that if, for any reason, any articles are detained by the Customs authorities a receipt giving details of the articles detained shall be furnished by these authorities to the owner of the articles.

9. It is agreed that adequate publicity should be given to the arrangements in both Dominions and machinery set up for receiving complaints of alleged violations and their investigation.

## APPENDIX II.

## REPORT OF THE COMMITTEE APPOINTED TO CONSIDER ITEMS 4 AND 9 IN SECTION II OF THE AGENDA FOR THE INTER-DOMINION CONFERENCE.

### MEMBERS

| *Representatives of India.* | *Representatives of Pakistan.* |
| --- | --- |
| 1. Mr. K. R. P. Aiyangar. | 1. Mr. J. B. Shearer. |
| 2. Mr. M. V. Rangachari. | 2. Mr. S. A. Hasnie. |
| 3. Mr. B. N. Banerjee. | 3. Mr. G. Faruque. |
| 4. Mr. L. R. Singh. | 4. Dr. Nazir Ahmed. |

The committee met on the 10th, 11th and 12th of January, 1949. On the 11th and 12th Mr. MacFarquhar, Commerce Secretary, and Mr. Karamat Ullah, Chief Controller of Import and Exports, Pakistan, also attended by invitation.

*Item* 4.—*Violation of Baggage Rules.*

The Pakistan representatives drew attention to a report that certain gold ornaments belonging to passengers returning to Pakistan had been detained by the Indian customs authorities. The Indian representatives said that enquiries had been made about this case and that the incident had in fact occurred before the revised baggage rules had been published and that the ornaments had since been returned to the owners.

The Pakistan representatives also stated that complaints were still being received regarding harassment of passengers entering Pakistan from Jodhpur State, and they considered it essential that, in accordance with the decision reached at the Delhi Conference Liaison Officers should be appointed on that frontier without further delay. It had also been agreed at Delhi that the Collectors of Customs should have regular meetings with their opposite numbers in the other Dominion, but the Karachi Collector had so far been unable to obtain any response to his proposals for a meeting with the Jodhpur Collector. The Indian representatives agreed to look into these points immediately on their return to Delhi and to take steps to secure expeditious action by the Jodhpur authorities.

*Item* 9.—*Supply of raw cotton from Pakistan.*

It was agreed that :—

(1) The validity for the first period of cotton licences to India is extended to 28th February, 1949.

(2) Pakistan will license an additional 74,467 bales already purchased by India (subject in the case of 4,650 bales to proof of exporter's qualifications).

(3) The maximum quantity that has to be purchased by India up to the end of February 1949 is 4,34,467 bales, and a minimum of 3,99,467 bales shall be purchased. Any quantity unbought below 3,99,467 bales will be liable to lapse.

(4) The Government of Pakistan will be free to issue additional licences in the period ending 28th February, 1949, to other countries for a number of bales equal to the additional quantity licensed for India, thereby raising the total for internal consumption and foreign export (other than to India) to 4,34,467 bales.

Sd. K.R.P. AIYANGAR — Sd. J. B. SHEARER.

12-1-49. — 12-1-49.

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## APPENDIX III.

### INTER-DOMINION CONFERENCE HELD AT KARACHI ON 10TH TO 12TH JANUARY, 1949

*Subject :—Division of survey of India assets between Pakistan and India.*

The Conference appointed a sub-committee consisting of the following to go into the question.

(1) Mr. K. L. Panjabi, Secretary, Ministry of Agriculture (India).

(2) Mr. H. S. M. Ishaque, Joint Secretary, Ministry of Food, Agriculture and Health (Pakistan) and

(3) Major R. C. A. Edge, Director-General, Survey of Pakistan.

The sub-committee met on the 11th and 12th January, 1949 Mr. S.S. Haider, Under Secretary, Ministry of Food, Agriculture and Health (Pakistan) was also present.

The facts of the case may briefly be stated as follows :—

(1) The Departmental Partition Sub-Committee recommended that stores and equipment shall be divided in accordance with the following formula.

"Pakistan will be given the stores and equipment required by it provided :—

(*i*) that the Indian Survey Department is not embarassed in respect of any particular item ; and

(*ii*) that the overall share of Pakistan does not exceed 4/15th of the total stores and equipment now owned by the Survey of India ; the area of British India to be surveyed in Pakistan being 4/15th of that in the rest of India.

Col. G. W. Gemmell will prepare a detailed list of all stores and equipment. In doing so, he will be assisted by one Hindu and one Muslim officer. When this list is ready, the Surveyors General of Pakistan and India will jointly frame proposals for the division of the stores and equipment as between India and Pakistan in accordance with the above formula. Actual division will take place as soon as these proposals are approved by the two Governments.

The preparation of the detailed list may take upto two or three months. Meantime should any stores and equipment now lying in India or Pakistan be urgently required by either Government for carrying on its survey work, the Surveyor General concerned will permit the transfer of such stores or equipment, but the stores and equipment so moved will be debited against the share of the Government receiving them, as determined by the above formula. It is also agreed that pending the removal to Pakistan of Pakistan's share of stores and equipment, such stores and equipment may be stored in Survey Department godowns in India, custody of which will remain with the Pakistan Government".

(2) Preparation of lists of assets by the representatives of the two Governments continued till October, 1947 whereafter the Muslim member (Pakistan's representative) due to communal disturbances had to be withdrawn from Dehra Dun. About the same time, the neutral chairman, Col. G. W. Gemmell, also proceeded on leave preparatory to retirement. In consequence, lists and recommendations prepared fall under two categories, *viz.*;

(*a*) lists of assets and recommendations prepared and agreed to jointly by the representatives of the two Governments and by Col. Gemmell ; and

(*b*) lists and recommendations which were prepared by Survey of India officers but not finally scrutinised nor agreed to by a Pakistani representative.

(3) Pending the completion and examination of the lists of assets and in accordance with the provision in the Partition Sub-Committee's decision mentioned above, the Director-General, Survey of Pakistan sent a list of immediate requirements to the Surveyor General of India on the 21st of May, 1948, and Government of India agreed to the despatch of these with minor modifications. These were estimated to constitute about 26 wagon-loads, out of which only 4 wagons have so far been received. The movement of the balance is held up. The total number of wagon-loads due for transfer from India to Pakistan is estimated by both India and Pakistan to be 40. The total number of wagon-loads due for transfer from Pakistan to India is estimated by Pakistan as about 3 and by India as about 10. Out of this, Pakistan has already sent one wagon.

## AGREEMENT

1. That the two Governments should take immediate steps to scrutinise and approve the lists of assets and recommendations contained in partition appendices with a view to their finalisation, acceptance and implementation by both sides.

2. That a fresh committee, consisting of representatives of the Survey Departments of India and Pakistan, be constituted for further consideration of partition appendices mentioned in para. (2) (*b*) above.

3. That points on which the India and Pakistan representatives fail to agree, be referred to the Surveyor General of India and the Director General, Survey of Pakistan, to resolve by mutual consultation, and that if they also fail to arrive at an agreed recommendation, the matter be referred to the two Governments for settlement provided that such differences shall not be allowed to hold up progress of scrutiny and of making of recommendations regarding other items not in dispute.

4. That India would forthwith send the appendices which have not so far been received by Pakistan.

5. That the Pakistani and Indian representatives in the proposed committee should be empowered to recommend suitable adjustments in physical transfers of expendable items and other items of which physical transfer for any reason is not in the best mutual interest of India and Pakistan, *e.g.* bulky items of furniture, and record the book values of the assets so adjusted.

6. That both sides will do their best to meet forthwith each other's immediate requirements, in the case of Pakistan, these requirements having been already stated and accepted by India with minor modifications on 21st May, 1948. According to representative of Pakistan the bulk of these assets have already been packed for transfer at the expense of the Government of Pakistan. However, in view of the lapse of time, India desired to re-examine the above list of requirements in the light of the recommendations of the Patition Sub-Committee mentioned in (1) above and agree to communicate their decision to Pakistan by the 31st January, 1949. In the meantime, four additional wagon-loads of stores have already been permitted to be moved from India to Pakistan.

7. That reciprocity, both in the qualitative and quantitative sense, in the movement of assets between the two Dominions shall be maintained as far as possible in proportion to the total assets due to be transferred by either side.

8. That in the event of any dispute arising out of this agreement regarding the application of any of its provisions or of the recommendations of the Departmental Partition Sub-Committee, the matter should be referred for decision to the next Inter-Dominion Conference.

Sd. K.L. PANJABI.    Sd. H.S.M. ISHAQUE.

12-1-49    12-1-49

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## APPENDIX IV

### A COMMITTEE COMPRISING OF MR. H. M. PATEL AND MR. NIZAMUD DIN ARRIVED AT THE FOLLOWING DECISION.

*Item* 11.—*Movement of Petrol from Karachi to India.*

1. It is agreed that there should be an uninterrupted flow of petrol and other oil traffic from Karachi to stations on the East Punjab Railway, and to ensure this :—

(*a*) the East Punjab Railway should see that all N.W. Railway oil tank wagons are returned back to the N.W.R. immediately after being emptied and normal turn round is maintained ;

(*b*) the N.W. Railway will continue to provide tank wagons for loading this traffic as hitherto ;

(*c*) the N.W. Railway in consultation with the E.P. Railway should work out the total number of tank wagons required for this service on the basis of the normal turn round, and the number of tank wagons which would ordinarily remain in the E.P. area at any one time. This would facilitate a check at short notice as to where there is hold up, if such a hold up occurs.

Sd. H. M. PATEL 11-1-49

Sd. NIZAMUD DIN 11-1-49